Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper R Paris, Monday, May 12, 1997 No. 35,518

TODAY: SPORTS Complete Coverage, Page 18

Italy Wants the Euro, But Does Euro Want It?

Rome Stung by Cool Reception to Efforts To Join Club of the Common Currency

By John Vinocur
International Herald Tribune

ROME — A few weeks ago, when a European Commission interim report found Italy falling short of the requirements to join Europe's common currency in 1999, the newspaper La Repubblica published this headline:

"We're Out? That's Monetary Racism."

Take the pledge, head down the sawdust path, stay on the wagon. Italy thought it had done it all — mastering inflation, abolishing price-indexing, peeling back the deficit — only to be told it was not good enough, and at this stage at least, not quite clubbable.

Countries like Germany and France, doubtful achievers by their own accounts of the European Union's convergence criteria, were deemed certain participants by the commission for the start of the euro. But Italy, a great nation and sometimes feeble state, was back on the list of the likely-to-relapse, those countries too short on seriousness and reliability not to undermine the value of the continent's new money.

In using words like "discrimination" and "monetary racism," newspapers made clear they felt Italy was experiencing an injustice that surpassed the normal low blows of intra-European politics, with Germany playing an anti-Italian central role. From an Italian point of view, it went beyond rationality and into some kind of subterranean subjectivity for the commission to say that Italy, with an estimated 1997 deficit of 3.2 percent of gross domestic product, was an iffy candidate for the first wave of the euro, while Belgium, with the highest debt burden in the European Union, was considered a sure thing.

But racism? "That's exaggerated," said Carlo Azeglio Ciampi, the finance minister, an interview. Another high Finance Ministry official described the word as a "dramatization" and a "non-starter."

At the same time, though, the official said: "There is this bias that whatever we do is fudging and that our efforts are not real. People do talk us down. It is true that the greatest sinners must restrain themselves, and we've been fantastically good in turning things around."

Beyond notions of racism or prejudice, the discussion about Italy seemed to perpetuate the image of a Europe unable to do much about unemployment but engulfed in petty disputes about decimal points attached to abstract economic performance targets. For the Italians, there is the even more jagged irony that European Union seems ready to reject them and their real desire for a common currency, while welcoming the Germans who in the majority want little part of it.

The tension about Italy's presence in the first group of euro countries goes back to Germany's original concept for a monetary union as part of the Maastricht Treaty negotiated in 1991. Jacques Delors, who was commission president then, has said that Germany wanted no more than six or seven countries in the initial phase. According to Mr. Delors, the idea of a wider, clearly less homogeneous group has created "anguish" and "panic" in Germany, but the problem, he insists, is a German rather than an Italian one.

On the strictly financial level, the Germans, notably the Bundesbank, have expressed a lack of confidence that

See ITALY, Page 6

Washington And Bonn Go Separate Ways In New Europe

By William Drozdiak
Washington Post Service

BONN — The stately mansion on the banks of the Rhine where the U.S. ambassador would entertain Germany's power elite has been vacant for 11 months. A stale odor of abandonment seems to permeate the residence of Washington's chief envoy to the country often called America's most important ally.

Like the mansion, which is awaiting the arrival of the new ambassador, the German-American partnership that served as the linchpin of the Atlantic alliance for nearly half a century also seems in a state of neglect and disrepair. Diplomats, politicians, scholars and business executives say the special kinship forged by mutual security concerns during the days of the Soviet threat appears to be giving way. Replacing it is an estrangement marked by rivalry more than common purpose.

The occasional tensions that arise over trans-Atlantic trade disputes, divergent approaches to rogue states such as Iran and how the West should deal with Russia are nothing new. What distinguishes the current alienation between Bonn and Washington, these people say, are significant changes in their joint strategic agenda, reflecting shifts in demography, identity and interests.

"I believe we are witnessing a clear cultural break between the United States and Germany," said Werner Weidenfeld, a political science professor who has worked for the last decade as the Bonn government's coordinator for German-American cooperation.

"Germany used to be a domestic political factor in the United States, when Berlin was associated with the defense of Western freedom, but that's now finished," Mr. Weidenfeld said. "There are new ethnic and trading patterns in the United States oriented more toward Asia and Latin America. And the new political class in America is much less interested in Europe's strategic value."

Besides the empty ambassador's perch — soon to be filled by John Kornblum, the State Department's chief diplomat for European affairs — Germans point to an absence of congressional visits as proof of their diminished status in Washington. During the 12 months before the U.S. presidential election last November, only Senator Richard Lugar, an Indiana Republican, visited Germany.

Washington's apparent lack of interest has been reciprocated by Germany's focus on domestic and European affairs.

"NATO and the alliance with the United States no longer have the same influence on German grand strategy," former Chancellor Helmut Schmidt writes in the current issue of Foreign

See GERMANY, Page 6



The Associated Press

An Iranian TV image showing a man weeping over a dead child Sunday.

Stunned Iranians Dig Out of Quake That Killed 2,400

Compiled by Our Staff From Dispatches

QAEN, Iran — The death toll from a huge earthquake in Iran rose to nearly 2,400 on Sunday as rescue teams dug through thousands of flattened houses, accompanied by the wailing and sobbing of grieving relatives.

The number of injured in the quake, which hit Saturday, is 6,000, the official news agency, IRNA, said in a report from Mashhad, capital of Khorasan, the stricken province, which borders Afghanistan and Tajikistan.

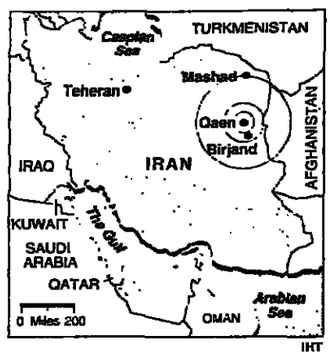
About 130 aftershocks shook what was left standing, forcing tens of thousands to camp in the streets of damaged villages.

By Sunday, thousands of volunteers from unaffected areas had poured into the villages and towns in a convoy of trucks, pickups and buses to help. They dug through the rubble with bare hands to look for bodies. Others handed out aid.

Most of the damage was in the 100-kilometer (60-mile) stretch between Birjand and Qaen, a region dotted by poor villages and mud huts. In one of the villages, an elementary school collapsed, burying 110 girls under jagged slabs of concrete and steel.

Some 2,000 of the dead were from villages around Qaen, 394 from the city of Birjand and 2 from a nearby town, the Iranian agency said.

Interior Minister Ali Mohammed Besharati said in Tehran that initial estimates put the extent of destruction in the two heavily damaged cities at 200 billion rials ($67 million).



IHT

The United States said Sunday it was prepared to provide humanitarian aid.

If Washington receives a request from a third party, "we will provide contributions" through a nongovernmental organization "such as the Red Cross or the Red Crescent," said a White House spokeswoman, Mary Ellen Glynn.

The United States has not had diplomatic relations with Iran since the 1979 hostage-taking at the U.S. Embassy in Tehran; in addition, the United States maintains an almost total economic embargo against Iran, which it accuses of being a leading sponsor of international terrorism.

France sent a cargo plane carrying 39 tons of blankets, tents, clothing and food. The aid will be handed over to the Red Crescent in Mashhad, the French Foreign Ministry said.

Switzerland sent a nine-member rescue team and dogs trained for rescue to help search for survivors. But Iran turned down the offer of a bigger contingent of 100 people, saying it was most in need of food, medicine and temporary shelters.

King Fahd of Saudi Arabia ordered two C-130 cargo planes to Iran with tents, blankets, rugs, food and medicine, the Saudi Press Agency reported. The emir of Kuwait, Sheikh Jaber al Ahmed as Sabah, also ordered the immediate shipment of aid, as did the cabinet in Bahrain.

A United Nations official flew to the quake area Sunday to assess damage

See QUAKE, Page 6

Russian Women: Dazzle and Drudge

By Alessandra Stanley
New York Times Service

MOSCOW — Glimpsed on a street corner or subway, even the prettiest Russian girl looks severe, sullen or remote.

Catch a Russian woman receiving guests at home, or at a party, and the transformation is almost hallucinatory. A stone-faced matron just back from the tractor assembly line will don a frilly frock, push her swollen feet into high heels and smile as she forces cucumbers, blini and vodka down a visitor's throat. A young girl will flirt, her mother will coddle and scold, and both will serve guests, particularly male ones, with traditional Asian deference.

The duality within Russian women is startling and, even in Moscow, the most cosmopolitan and affluent of Russian cities, inescapable.

Seventy years of socialism, with its cramped communal apartments, work collectives, company-sponsored group vacations and constant surveillance and snitching, tore away a sense of privacy. Russian women created their own makeshift screens of privacy in public places — the glazed look of weary indifference.

Even today, privacy remains an unimagined luxury for most Russians.

The grand experiment called communism was supposed to blur individuality and spawn a New Man, but it mostly forged a New Woman.

Soviet society empowered women to work outside the home, then doubled their load, forcing them to hold down jobs and still take care of the children, the house and the bureaucratic tangles of everyday survival.

Men were left free to live as slaves: childlike irresponsibility at home and total dependence on the state.

Six years on, democracy has brought economic opportunity to some, havoc for most, but so far it has done little to change the basic way men and women relate.

Despite, or perhaps because of, 70 years of state propaganda about the equality of sexes, men and women here cling tenaciously to extreme sexual stereotypes. Women work like oxen to provide for their men and children and still pride themselves on maintaining an extravagant form of femininity.

Women eagerly greeted the West-

See RUSSIANS, Page 9



Peter Andrews/Reuters

COMMERCE, ZAIRE-STYLE — Smugglers slipping goods off a ferry coming from Kinshasa that docked in the Congo capital, Brazzaville. In Zaire, the rebels resumed their advance on the capital. Page 6.

Deep Blue Defeats Kasparov, 3½-2½

NEW YORK (AP) — In a dazzling hourlong game Sunday, the IBM computer Deep Blue demolished an obviously overwhelmed Garry Kasparov and won the six-game, man-versus-machine chess match.

The match score of 3½ points to 2-½ points was achieved with victories by Deep Blue in Games 2 and 6 and three draws. The 34-year-old Russian grandmaster won the first game, on May 3.

The computer's victory after only 19 moves and just over an hour's play in the decisive sixth game stunned hundreds of spectators and chess experts. Mr. Kasparov, playing the black pieces, resigned. He walked out of the room, waving his arms in distress.

Deep Blue's match victory was the first by a chess-playing computer in a traditional format.

Earlier article, Page 3.

PAGE TWO
A New Battle Brews Over the Golan

THE AMERICAS Page 3.
Drug-Money Probe Targets Mexico

Books ..... Page 9.
Crossword ..... Page 9.
Opinion ..... Page 8.
Sports ..... Pages 16-18.

The Intermarket Page 7.

The IHT on-line http://www.iht.com

Yen's Overnight Recovery Gives Rise to Suspicions

Bank of Japan Got What It Wanted, but How?

By Carl Gewirtz
International Herald Tribune

PARIS — The suddenness and ferocity of the yen's move in the foreign exchange market last week left no time to seek explanations about the timing — not that there were any. Instead, there was just a frenzy to adjust to what analysts were calling a possible sea change in sentiment about the currency's outlook.

The dollar finished Friday at 120.20 yen, a hefty 3 percent fall on the day, giving it a 5 percent loss for the week. The yen surged across the board, up nearly 6 percent for the week against other Asian currencies and about 3 percent against the European currencies.

Analysts were stunned by the recovery of the yen, which at one point Friday traded at a level not seen since late January. The closing rate against the dollar was the best since early March. Analysts who had been predicting that the dollar would rise to more than 130 yen now see a new trading range of 118 to 123 yen to the dollar.

The most stunning aspect of the yen's new strength is the absence of any reason to explain it.

Moreover, the pattern of this mysterious performance — beginning Thursday when most of Continental Europe was on a holiday that would extend through the weekend — looks suspiciously like the market turnabout that occurred last November over the shortened Thanksgiving week in North America, when the dollar for no apparent reason began its liftoff from 111 yen and 1.51 Deutsche marks.

Now, as then, there was no overt intervention by central banks to influence market sentiment. But now, as then, there is a widely held suspicion that central banks were active behind the scenes pushing rates, creating the

See SUSPICIONS, Page 9

Hailing the Surge, Tokyo Vows to Keep Its Hand In

By Velisarios Kattoulas
International Herald Tribune

FUKUOKA, Japan — The Finance Ministry set the stage Sunday for more drama in foreign-exchange markets this week as it applauded the yen's recent surge against the dollar and warned that Tokyo would intervene to prop up the currency if it slipped again.

Finance Minister Hiroshi Mitsuzuka and Eisuke Sakakibara, a senior ministry official known as "Mr. Yen" for his sway over foreign-exchange markets, both welcomed the yen's 5 percent surge against the dollar last week.

The yen's persistent weakness has been a source of concern for the Group of Seven industrialized nations, which hinted last month that it was unhappy with the yen's dramatic depreciation against the dollar.

Mr. Sakakibara, director-general of the Finance Ministry's International Finance Bureau, joked Sunday that foreign-exchange dealers finally appeared to have understood the group's message about a stronger yen.

"It's like cold Japanese sake," he said. "It takes time to hit you."

Mr. Mitsuzuka also warned that if markets started to move in the wrong direction again, Japan would jump in, selling dollars to support the yen. "We will continue to monitor the markets closely and will take appropriate steps at the appropriate times," he said.

Tokyo is trying to bolster the value of the yen against the dollar to undermine the soaring competitiveness of Japanese exports. It hopes a stronger yen will slow the increases in Japan's current-

See YEN, Page 9

North Korean Army Declares 'War' on Famine

Reuters

TOKYO — North Korea announced Sunday that its armed forces would join an all-out battle against the nation's food shortages.

In a sign of growing desperation over how to feed its people, a report on Korean Radio, monitored in Tokyo, said the armed forces would take on any agricultural task to ensure a "bumper harvest" this year.

Analysts who study North Korea said the announcement could also be an answer to some Western nations' reluctance to give aid to a nation that has managed to keep 1.1 million troops under arms despite its economic plight.

The radio report said meetings of commanding officers and soldiers from the army, navy and air force; Communist Party officials, and people from all walks of life had decided on a war on food shortages caused by two years of record floods.

The report said that soldiers "must further solidify the unity of the army and people and achieve a bumper harvest this year without fail by launching into the struggle to assist rural areas and actively contribute to agricultural production."

Devastated by floods in 1995 and 1996, North Korea needs at least 1.3 million tons of additional food this year just to meet basic needs, a United Nations food aid agency said recently. The authorities have said that food supplies would run out by the end of April.

See KOREA, Page 9

Newsstand Prices

Andorra	10.00 FF	Lebanon	LL 3,000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1,600 CFA	Qatar	10.00 Riels
Egypt	E£ 5.50	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10.00 R.
Gabon	1100 CFA	Senegal	1,100 CFA
Italy	2,800 Lire	Spain	225 PTAS
Ivory Coast	1,250 CFA	Tunisia	1,250 Din
Jordan	1,250 JD	U.A.E.	10.00 Dirh
Kuwait	700 Fils	U.S. Mil. (Eur.)	$1.20

Firestorm Over the Golan / **An Israeli Myth Punctured?**

General Dayan Speaks From the Grave

By Serge Schmemann
New York Times Service

JERUSALEM — It is an article of faith among Israelis that the Golan Heights were seized in the 1967 Middle East war to stop Syria from shelling the Jewish settlements down below. The future of the Golan is central to the search for peace in the Middle East, and much of the case against returning it to Syria rests on the fear of reviving that threat.

But like many of Israel's other founding legends, this one has come under question, and from a most surprising quarter: Moshe Dayan, the celebrated commander who, as defense minister in 1967, gave the order to conquer the Golan.

General Dayan died in 1981. But in conversations with a young reporter five years before that, he said he regretted not having stuck to his initial opposition to storming the Golan Heights.

There really was no pressing reason to do so, he said, because many of the firefights with the Syrians were deliberately provoked by Israel, and the kibbutz residents who pressed the government to take the Golan did so less for security than for the farmland.

General Dayan did not mean the conversations as an interview, and the reporter, Rami Tal, kept his notes secret for 21 years — until he was persuaded by a friend to make them public. They have been authenticated by historians and by General Dayan's daughter Yael Dayan, a member of Parliament, and were published in the weekend magazine supplement of the newspaper Yedioth Ahronoth two weeks ago.

Historians have already begun to debate whether General Dayan was giving an accurate account of the situation in 1967 or whether his version of what happened was colored by his disgrace after the 1973 Middle East war, when he was forced to resign as defense minister over the failure to anticipate the Arab attack.

But on a more immediate level, the general's comments play directly into the current dispute over whether the Golan Heights should be returned to Syria in exchange for peace. The government of Prime Minister Benjamin Netanyahu is firmly opposed to returning the Golan, contending that the high ground is vital for Israel's security.

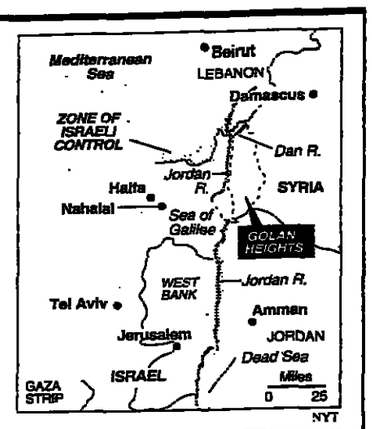
"Look, it's possible to talk in terms of 'the Syrians are bastards, you have to get them and this is the right time,' and other such talk, but that is not policy," General Dayan told Mr. Tal in 1976. "You don't strike at the enemy because he is a bastard, but because he threatens you. And the Syrians, on the fourth day of the war, were not a threat to us."

According to the published notes, Mr. Tal began to remonstrate, "But they were sitting on the Golan Heights, and — "

General Dayan interrupted: "Never mind that. After all, I know how at least 80 percent of the clashes there started. In my opinion, more than 80 percent, but let's talk about 80 percent. It went this way: We would send a tractor to plow some area where it wasn't possible to do anything, in the demilitarized area, and knew in advance that the Syrians would start to shoot. If they didn't shoot, we would tell the tractor to advance farther, until in the end the Syrians would get annoyed and shoot. And then we would use artillery and later the air force also, and that's how it was."



David Rubinger/The New York Times



Moshe Dayan in 1980, below. An Israeli sentry keeping watch in 1968 from a bunker on the Golan Heights, now a major stumbling block in the Middle East peace process.



The Associated Press

GENERAL Dayan's resistance to storming the Golan Heights in the first days of the 1967 war is established history, as is his abrupt change of mind on June 9, the fourth day of the war, when he called the northern commander directly — bypassing the chief of staff, Yitzhak Rabin, and the prime minister, Levi Eshkol — and ordered him to go to war against Syria.

The common wisdom is that General Dayan was wary of stretching Israeli military resources until the wars with Egypt and Jordan were settled, that he feared provoking the Soviet Union by an attack on its main client-state and that the difficult and uncertain offensive would cost many lives. The swift victories over Egypt and Jordan then supposedly changed his mind.

But in the conversations with Mr. Tal, General Dayan raised another consideration. "What he told me," Mr. Tal said, "what is quoted in the conversation, is that he understood even in time of war that we would be compelled to return most of the territories that we won if we wanted peace with the Arabs."

In the Golan Heights, General Dayan anticipated that Israeli farmers would waste no time settling on the fertile land, making it difficult subsequently to withdraw.

The general said in his conversations with Mr. Tal that the kibbutz leaders who had urgently demanded that Israel take the heights had done so largely for the land.

"The kibbutzim there saw land that was good for agriculture," he said. "And you must remember, this was a time in which agricultural land was considered the most important and valuable thing."

Mr. Tal asked, "So all the kibbutzim wanted was land?"

General Dayan answered: "I'm not saying that. Of course they wanted the Syrians to get out of their face. They suffered a lot because of the Syrians. Look, as I said before, they were sitting in the kibbutzim and they worked the land and had kids and lived there and wanted to live there. The Syrians across from them were soldiers who fired at them, and of course they didn't like it.

"But I can tell you with absolute confidence, the delegation that came to persuade Eshkol to take the heights was not thinking of these things. They were thinking about the heights' land. Listen, I'm a farmer too. After all, I'm from Nahalal, not from Tel Aviv, and I know about it. I saw them, and I spoke to them. They didn't even try to hide their greed for that land."

That contention was hotly denied by Muky Tsur, a leader of the United Kibbutz Movement.

"For sure there were discussions about going up the Golan Heights or not going up the Golan Heights," he said, "but the discussions were about security for the kibbutzim in Galilee. I think that Dayan himself didn't want to go to the Golan Heights. This is something we've known for many years. But no kibbutz got any land from conquering the Golan Heights. People who went there went on their own. It's cynicism to say the kibbutzim wanted land."

With Conflict As Backdrop, Pope Lauds The Lebanese

By Celestine Bohlen
New York Times Service

BEIRUT — By early morning Sunday, hours before Pope John Paul was to celebrate Mass, several hundred thousand people were already streaming into a vast coastal arena built on land reclaimed from the sea with bits of buildings destroyed in Lebanon's long civil war.

The Mass was the highlight of Pope John Paul's two-day visit here, his first to the Middle East as pontiff, and local commentators said it drew the largest gathering in Lebanon since internecine fighting first broke out here more than 20 years ago.

In his homily, delivered under a brilliant sunshine that matched the crowd's mood, the 76-year-old Pope again called on Lebanon to reaffirm its special role in the Middle East, where it long had the reputation as a land where Christians and Muslims, divided even among themselves, could live together in harmony.

"At this exceptional assembly we wish to declare before the world the importance of Lebanon, its historical mission, accomplished down the centuries," the Pope said, speaking in French. "A country of many religious faiths, Lebanon has shown that these different faiths can live together in peace, brotherhood and cooperation."

But the strains of Lebanon's fragile political arrangements, which ostensibly maintain a balance of power between Muslims and Christians, could be heard as chants of "liberte" swelled up from the crowd, a faint echo of the more emotional outpouring that greeted the Pope on Saturday night when he met with about 40,000 young people at a shrine outside Beirut.

For many Christians here, the Pope's visit was a chance to vent frustrations at a time when they feel politically marginalized and stifled by the heavy influence wielded here by neighboring Syria.

Complaints of human-rights violations, coupled with the silence imposed on any criticism of Syria's actions within Lebanon, gave the chants of "freedom" and "justice" loaded meaning.

But the Pope, while stressing at every stop the importance of Lebanon's independence and sovereignty, stayed away from any direct references either to the Syrian presence or to the Israeli occupation of southern Lebanon which many Lebanese — Muslim and Christian — resent.

One reason for the Pope's visit was to sign the so-called papal exhortation, a lengthy document that was the result of a synod of Lebanese Catholic bishops that concluded in Rome last year. The papal document, released Sunday, stopped short of calling for the outright withdrawal of Syrian and Israeli forces that the bishops themselves had embraced in their own joint declaration last November.

In his exhortation, which mainly addressed the need to rebuild Lebanon's Catholic communities after the devastation of the war, the Pope said he was "aware of the most important current difficulties." Among others, he listed the "occupation in southern Lebanon," and "the presence of non-Lebanese forces," as well as the "danger of extremism and the impression among some that their rights are thwarted."

If the Pope's language was circumspect, it was in part because, as one Vatican official put it, "there are some situations in which you put up with evil for a while on the basis that is not permanent." Saturday night, at the shrine to the Our Lady of Harissa, which stands atop a hilltop north of Beirut overlooking the Mediterranean, the Pope met with a jubilant crowd of young people who were waving colored handkerchiefs and chanting "John Paul II, we love you."

The Pope encouraged the youths. "I see you pay attention, I see you are serious and I see you applaud when you should," he said, speaking in a strong clear voice that belied his slow gait and stooped posture.

U.S. Holds Iraqis Who Aided CIA Plot to Oust Saddam

By Tim Weiner
New York Times Service

WASHINGTON — A group of Iraqis who worked with the Central Intelligence Agency in a failed attempt to undermine President Saddam Hussein and were offered refuge by the U.S. government are now in jail in California, facing expulsion from the country.

The proceedings against them are secret, but court documents and interviews show that at least 13 of the refugees have been accused by the Immigration and Naturalization Service of being "a danger to the security of the United States."

Government officials and lawyers for the accused said the charges stemmed from the Federal Bureau of Investigation's suspicions that some or all of them might be Iraqi spies or potential terrorists. They are seeking political asylum in the United States, but if the accusations against them are upheld by immigration judges, they could be deported, possibly to Iraq.

In telephone interviews from jail, four of the men insisted that they were not secret agents for Saddam Hussein, but had been falsely accused and were victims of fratricidal infighting among the resistance groups. The Iraqis in custody include defectors from the Iraqi military who joined the CIA-backed resistance groups, the Iraqi National Accord and the Iraqi National Congress. They fled their country with their families after the secret operation collapsed in disaster last year.

Ali Yasin Mohammed Karim, who said he was a 35-year-old doctor of radiology who worked with the Iraqi National Congress, said in a telephone interview from jail that his incarceration was "a mystery to me."

"We came to this land legally, on account of the U.S. government, and they put us inside of a jail," he said. "We worked with people more important than the INS — with the CIA. I am a doctor of radiology, not a radioactive substance. I have a death penalty against me from Saddam Hussein. So I think it is not possible that I am his agent. Where is the law? I came here legally. I did nothing wrong."

The court records available in the case do not reflect the specific basis for the charges against the jailed men. Carole Florman, a spokeswoman for the Justice Department, said the federal regulation allowing a political asylum claim to be denied on national security grounds was "very vague and broadly constructed."

She said immigration officials had not denied the jailed men's requests for asylum, but had referred them to immigration judges for further review.

"The INS has not determined whether it will argue strongly against the requests for asylum," she said. "We are very much in the middle of the process." The immigration service would not comment on the case, nor would the CIA.

The Iraqi National Accord and the Iraqi National Congress had major roles in a $20-million-a-year CIA operation to try to undermine the Iraqi leadership. The clandestine effort began shortly after the Gulf War ended and went on for five years, without success. The two groups, along with the stateless Kurds of northern Iraq, were crippled by internal squabbles and suspicions that the resistance was penetrated by Iraqi intelligence.

On Aug. 31, the operation collapsed when the Iraqi military and secret police stormed into the Kurdish areas of northern Iraq. The Iraqi forces seized control of towns that had been protected by a U.S.-led security zone since the end of the 1991 Gulf War and had served as bases for the resistance.

The Iraqis jailed in California were among a group of 600 men, women and children who fled for their lives after that invasion. Along with two other groups of about 5,500 Iraqis and Kurds who had worked with the U.S.-led coalition forces and with relief organizations in northern Iraq, they sought help from the Americans.

After gathering at a NATO air base in Incirlik, Turkey, they were flown by U.S. military planes to Guam in the Pacific Ocean. They spent five months there at Andersen Air Force Base, where they were told to apply for asylum. As they waited while the authorities processed their applications, they received lessons in American civics and the English language. They also underwent interviews and security checks by the FBI.

TRAVEL UPDATE

China Seeks to Bolster Transportation Safety

BEIJING (Reuters) — Chinese leaders called Sunday for better transportation safety and stricter investigations into accidents after a recent plane crash and rail disaster that together killed at least 135 people.

China should immediately begin a nationwide inspection into accident-prone industries such as transportation, the Xinhua press agency quoted Deputy Prime Minister Wu Bangguo as saying.

Southwest Airlines has collected its second straight first place in an annual U.S. airline quality rating by university researchers. It was followed by American, United, Delta, Continental and Northwest.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Colombia, Israel, Venezuela.
WEDNESDAY: South Korea.
THURSDAY: Paraguay.
SATURDAY: Cuba, Norway.

Sources: J.P. Morgan, Reuters, Bloomberg.

Lagos Ruler Sows Idea of Run for President

New York Times Service

LAGOS — Although new elections have been scheduled for next year, Nigeria is beginning to see strong signs that the military, which annulled the last elections four years ago, intends to hang on to power here indefinitely.

The general who emerged in 1993 as Nigeria's leader, Sani Abacha, has allowed the impression to grow that he may run for president himself, and Nigeria's main political parties are falling over themselves to enlist him as their candidate.

Meanwhile, Moshood Abiola, the man widely believed to have won the 1993 election remains in jail for a fourth year, and Don Etiebet, the one politician who might have put up a serious challenge to General Abacha, dropped out of contention last month as a candidate.

Mr. Etiebet, a former oil minister under General Abacha, resigned from his own party after an interparty feud and joined the increasingly powerful United Nigeria Congress Party, which supports General Abacha's continuing in power by being elected president. Mr. Etiebet's announcement hinted that he had been pressed to change his politics, and it came three weeks after he had been arrested, the formal reason for which remains unclear.

General Abacha's public position is that he has not made up his mind whether to run, but that it is up to Nigerians to call on him to do so — precisely what the leading members of Nigeria's other four political parties are already doing.

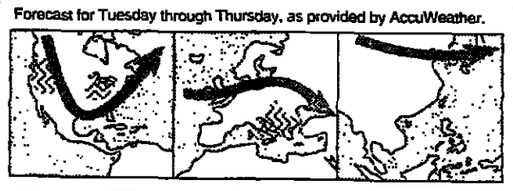
The former chief justice, Mohammed Bello, has said there is no constitutional obstacle to the military leader resigning from the army to run as a civilian.

The idea of General Abacha running for president is galling to many, especially in southern Nigeria, which has traditionally been at odds with the north, the region from which most of military leaders have come.

General Abacha took over the leadership of Nigeria in 1993 after a short period of interim government, ostensibly to prevent the country from falling into ethnic warfare.

WEATHER

Forecast for Tuesday through Thursday, as provided by AccuWeather.



Jetstream | Unseasonably Cold | Unseasonably Mild | Heavy Rain | Heavy Snow

North America
A stalled front will bring showers to eastern New England Tuesday. A storm developing along the southern end of the front will bring soaking rains to the Carolinas. The Western states will continue to see sunshine and above-normal temperatures through the end of the week.

Europe
Milder weather will return to much of the British Isles and Paris to Germany Tuesday, though scattered showers will dampen some of these areas. Much of eastern Europe, including Warsaw, will be dry and mild through Thursday. Episodes of rain will affect Norway and parts of Sweden into Wednesday.

Asia
A slow-moving front will bring unsettled weather to northeastern China, Manchuria and both Koreas, including Beijing and Seoul, into Thursday. Showers and thunderstorms will dampen much of Japan, including Tokyo, Wednesday and Thursday. Steamy in Singapore with a thunderstorm late.

Europe

	Today High C/F	Today Low C/F	Tomorrow High C/F	Tomorrow Low C/F
Algarve	21/70	12/53 pc	19/66	10/50 pc
Amsterdam	14/57	7/44 pc	17/62	10/50 pc
Andorra	26/79	9/48 s	28/79	9/48 pc
Athens	23/73	15/59 s	23/73	16/61 s
Barcelona	18/66	13/55 c	21/70	15/59 r
Belgrade	27/80	13/55 s	28/82	14/57 s
Berlin	19/66	10/50 pc	19/66	14/57 sh
Brussels	14/57	7/44 c	17/62	13/55 sh
Budapest	25/77	14/57 pc	27/80	16/61 s
Copenhagen	11/52	7/44 pc	18/64	9/48 c
Costa Del Sol	25/77	17/55 pc	24/75	13/55 pc
Dublin	11/52	6/43 r	12/53	6/43 r
Edinburgh	11/52	6/43 r	11/52	6/43 r
Florence	25/77	14/57 pc	28/82	16/61 s
Frankfurt	20/68	10/50 pc	19/66	13/55 r
Geneva	17/62	10/50 r	19/66	12/53 sh
Helsinki	16/61	10/50 s	18/64	3/37 pc
Istanbul	23/73	14/57 s	23/73	14/57 pc
Kiev	20/68	11/52 sh	25/77	14/57 pc
Las Palmas	21/70	16/61 s	19/66	14/57 pc
Lisbon	17/62	8/46 pc	17/62	9/48 s
London	16/61	7/44 pc	17/62	8/46 pc
Madrid	26/79	9/48 pc	24/75	9/48 c
Mallorca	19/66	16/61 c	19/66	17/62 r
Milan	19/66	13/55 r	26/79	15/59 c
Moscow	19/66	7/44 s	17/62	11/52 r
Munich	20/68	11/52 sh	22/71	13/55 c
Nice	18/64	14/57 r	22/71	17/62 c
Oslo	12/53	6/41 sh	14/57	4/39 c
Paris	15/59	8/46 pc	18/64	13/55 r
Prague	23/73	14/57 c	21/70	13/55 c
Reykjavik	7/44	-1/31 pc	4/39	-2/29 s
Riga	18/66	12/53 c	18/64	7/44 pc
Rome	20/68	8/46 s	27/80	15/59 s
St Petersburg	16/61	12/53 c	19/66	7/44 c
Stockholm	15/59	7/44 sh	14/57	4/39 s
Strasbourg	20/68	12/53 sh	21/70	14/57 sh
Tallinn	16/61	11/52 c	17/62	3/37 pc
Tbilisi	27/80	13/55 pc	23/73	11/52 r
Venice	23/73	14/57 c	26/79	17/62 pc
Vienna	23/73	10/50 pc	27/80	10/61 pc
Warsaw	21/70	11/52 pc	23/73	14/57 c
Zurich	17/62	13/55 r	21/70	13/55 c

Middle East

Abu Dhabi	32/89	17/62 s	33/91	18/64 s
Beirut	31/88	22/71 pc	27/80	18/64 pc
Cairo	34/93	16/61 s	36/97	17/62 s
Damascus	34/93	15/59 pc	31/88	14/57 s
Jerusalem	30/86	14/57 pc	28/82	13/55 s
Luxor	38/100	21/70 s	40/104	20/68 s
Riyadh	37/98	19/66 s	37/98	21/70 s

Asia

	Today High C/F	Today Low C/F	Tomorrow* High C/F	Tomorrow* Low C/F
Almaty	14/57	5/35 r	21/70	9/48 pc
Bali	32/89	22/71 pc	33/91	22/71 s
Bangkok	34/93	25/77 pc	34/93	25/77 pc
Beijing	18/64	17/62 r	25/77	17/66 c
Bombay	32/89	27/73 s	32/89	24/75 s
Calcutta	38/100	24/75 s	38/100	26/79 s
Chiang Mai	34/93	23/73 pc	36/95	23/73 pc
Colombo	31/88	24/75 pc	31/88	24/75 pc
Hanoi	29/84	24/75 sh	29/84	24/75 sh
Ho Chi Minh	33/91	25/77 sh	33/91	25/77 pc
Hong Kong	28/82	23/73 sh	28/82	23/73 sh
Islamabad	33/91	19/66 pc	37/98	18/64 pc
Jakarta	31/88	24/75 pc	31/88	24/75 pc
Karachi	36/97	21/70 s	34/93	22/71 s
K. Lumpur	32/89	23/73 r	33/91	23/73 c
K Kinabalu	30/86	21/70 r	31/88	22/71 sh
Manila	33/91	23/73 s	32/89	22/71 pc
New Delhi	41/106	29/73 s	42/107	29/73 s
Phnom Penh	33/91	23/73 r	33/91	24/75 pc
Phuket	34/93	25/77 pc	34/93	25/77 pc
Rangoon	34/93	25/77 pc	34/93	24/75 pc
Seoul	22/71	18/64 sh	22/71	20/68 r
Shanghai	28/82	21/70 r	27/80	22/71 r
Singapore	31/88	22/71 s	32/89	23/73 sh
Taipei	30/86	23/73 pc	29/84	22/71 pc
Tokyo	22/71	14/57 s	21/70	17/62 sh
Vientiane	30/86	25/77 sh	29/84	24/75 sr

Africa

Algiers	27/80	14/57 pc	27/80	14/57 s
Cape Town	26/79	14/57 s	24/75	11/52 s
Casablanca	19/66	12/53 pc	18/64	11/52 pc
Harare	31/88	11/52 s	32/89	11/52 s
Lagos	30/86	23/73 pc	30/86	23/73 pc
Nairobi	24/75	13/55 sr	27/80	14/57 pc
Tunis	27/80	12/53 s	27/80	14/57 s

North America

	Today High C/F	Today Low C/F	Tomorrow High C/F	Tomorrow Low C/F
Anchorage	11/52	4/39 sh	13/55	4/39 pc
Atlanta	24/75	13/55 c	23/73	12/53 pc
Boston	22/71	11/52 sh	17/62	7/44 pc
Chicago	14/57	1/34 pc	16/61	3/37 pc
Dallas	21/70	11/52 sh	25/77	12/53 sh
Denver	23/73	4/39 pc	25/77	7/44 pc
Detroit	14/57	2/35 pc	17/62	4/39 pc
Honolulu	27/80	21/70 sh	28/82	20/68 pc
Houston	26/79	16/61 pc	24/75	10/61 sh
Los Angeles	25/77	15/59 pc	27/80	14/57 pc
Miami	29/84	22/71 r	31/88	24/75 c
Minneapolis	9/48	-3/27 pc	14/57	6/41 pc
Montreal	12/53	-1/31 c	8/46	-1/31 pc
Nassau	29/84	22/71 r	31/88	23/73 pc
New York	21/70	13/55 pc	17/62	8/46 pc
Orlando	28/82	20/68 r	30/86	20/68 c
Phoenix	35/95	21/70 s	33/91	19/66 pc
San Francisco	23/73	14/57 s	23/73	13/55 pc
Seattle	21/64	13/55 s	25/77	13/55 pc
Toronto	13/55	-4/25 pc	8/46	-3/27 c
Vancouver	20/64	12/53 c	20/79	12/53 pc
Washington	26/79	12/53 pc	18/66	9/48 pc

Latin America

Buenos Aires	22/71	10/50 pc	19/66	12/53 s
Caracas	23/84	24/75 pc	30/86	24/75 pc
Lima	23/73	17/62 c	23/73	16/61 pc
Mexico City	24/75	10/50 c	25/79	11/52 s
Rio de Janeiro	22/71	16/61 pc	22/71	18/64 s
Santiago	22/71	10/50 pc	20/68	7/44 sr

Oceania

Auckland	18/64	14/57 r	17/62	10/50 sh
Sydney	19/66	11/52 pc	17/62	10/50 s

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, rec.-W-weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1997

HOTEL METROPOLE GENEVE
Since 1854
A PRIVILEGED PLACE!
The only Grand Hotel located in the heart of Geneva's business and shopping center. Air conditioned.
34, quai Général-Guisan
1211 Geneva 3
Tel.: (+41-22) 318 32 00
Fax: (+41-22) 318 33 00
Email:www.metropole.ch

German Passport Holders heading for Singapore in May. 50% off at the stylish boutique hotel in Orchard Road, Singapore.
The Elizabeth
A member of Far East Organization
☆ For Reservations ☆
Fax : (65) 732 3866
Internet : http://www.fareast.com.sg/hotels
E-mail : elizabpr@pacific.net.sg

Triplets Again For U.S. Woman

The Associated Press

PASADENA, Maryland — Twelve years ago, Paula Robinson gave birth to triplets. Now she has done it again.

"Our first sonogram said we were going to have one baby," she said Sunday on returning home after the births Wednesday. But on the second one, the doctor said, "It's twins." Congratulations." Then he said, "Oh, congratulations again, it's triplets."

Doctors predict all three will be fine.

Imprimé par Offprint 73 rue de l'Evangile, 75018 Paris.

THE AMERICAS

Drug-Money Inquiry Targets Mexico Agency

Power Brokers Ran 'Slush Fund,' U.S. Says

By John Ward Anderson, Molly Moore and Douglas Farah
The Washington Post

The U.S. Justice Department is investigating allegations that some of Mexico's top business and political power brokers used a Mexican government agency for criminal enterprises that included laundering drug profits and other illicit money through the agency's U.S. bank accounts and contracts, sources familiar with the inquiry said.

A focus of the investigation, the sources said, is whether Raul Salinas de Gortari, older brother of former President Carlos Salinas de Gortari, used the agency — a federal food program known as Conasupo — to shield cocaine shipments into the United States and to launder drug money for a narcotics ring known as the Gulf cartel.

At the time, the Gulf cartel, led by Juan Garcia Abrego, was Mexico's biggest and most powerful drug ring.

Raul Salinas was a high-ranking official at the food agency for part of his brother's six-year administration and is now in prison pending trial on charges of murder and illegal enrichment.

A source familiar with the investigation said the agency became "the Salinas administration's slush fund," where money from all sorts of corrupt political, governmental, business and narcotics dealings was amassed and parceled out.

"There was an infrastructure within Mexico that includes Colombian and Mexican narcotics traffickers and high-level government officials acting in concert, and that's what we're going after," a source familiar with the investigation said.

The investigation, which began about 18 months ago, is being conducted jointly by the FBI, the U.S. Drug Enforcement Administration and the Treasury Department. While the principal targets are Mexican nationals, the alleged crimes under investigation took place in the United States.

Under investigation, sources said, are Carlos Hank Gonzalez and his son Jorge Hank Rhon, rich and politically powerful figures who often were considered the power behind the 1988-94 Salinas presidency. Investigators of the Drug Enforcement Agency also are looking into allegations that Carlos Salinas's chief of staff, Jose Cordoba Montoya, and his private secretary, Justo Ceja Martinez — attended a key meeting that included Raul Salinas, Mexico's secretary of the navy and Mr. Garcia Abrego. Sources said the agency had been told that the men discussed various schemes to use state enterprises to launder drug profits and ship drugs to the United States.

Earlier this year, Mr. Garcia Abrego was convicted in Houston on drug charges, given to 11 life sentences and fined more than $500 million.

Stanley Arkin, one of Raul Salinas's New York attorneys, described allegations that his client had used the government agency for trafficking drugs and money laundering as "self-interested, lying baloney." He said Mr. Salinas was being accused because he was the brother of the former president. Carlos Salinas, who is living in exile in Ireland, is not under investigation, the sources said.

Carlos Arguelles, an associate of Mr. Hank Gonzalez, said he was traveling and could not be reached. He said Mr. Hank Gonzalez had no official position with Conasupo during the Salinas administration and that Mr. Hank Rhon, had never held a government post.

"I don't see how they could have been involved in money laundering if they had no official position in Conasupo," he said. A Conasupo spokesman, however, said that Mr. Hank Gonzalez was an administrative adviser to the agency while he was agriculture secretary in the Salinas administration from 1990 to 1994.

Mr. Hank Rhon did not respond to messages left at his office. He has denied allegations of ties to the drug trade or money laundering, and does not face any charges. Carlos Davalos, an attorney for Mr. Cordoba, said his client was traveling and could not be reached for comment. He said Mr. Cordoba had previously denied any wrongdoing and was the victim of a public smear campaign.

Mr. Ceja Martinez could not be reached for comment.

Sources said that investigators were focusing mainly on allegations that Raul Salinas used his government position and influence to launder illicit money and to protect drug traffickers, as well as allegations that he had received a percentage of the traffickers' profits.

Basic Commodities Distribution Co., or Conasupo, has an annual budget of $1.2 billion. It purchases basic food items and distributes them at subsidized prices to Mexico's poor. Raul Salinas was the agency's director of planning in 1989 and head of one of its main subsidiaries, Diconsa, from 1983 to 1988. According to people familiar with the agency, he and Mr. Hank Gonzalez held enormous sway and effectively ran it.

Kasparov Faces Uphill Fight to Defeat Computer

GAME 5 — King's Indian Attack

White Kasp.	Black D.Blue	White Kasp.	Black D.Blue
1. Nf3	d5	26. Qa4	Rd8
2. g3	Bg4	27. Re1	Nb6
3. Bg2	Nd7	28. Qc2	Qd6
4. h3	Bxf3	29. c4	Qg6
5. Bxf3	c6	30. Qxg6	hxg6
6. d3	e6	31. b3	Nd2
7. e4	Ne5	32. Re6	Kc7
8. Bg2	de	33. Rxg6	Rd7
9. Bxe4	Nf6	34. Nh4	Nc8
10. Bg2	Bb4+	35. Bd5	Nd6
11. Nd2	h5	36. Re6	Nb5
12. Qe2	Qc7	37. cxb5	Rxd5
13. c3	Be7	38. Rg6	Rd7
14. d4	Ng6s	39. Nf5	Ne4
15. h4	e5	40. Nxg7	Rd1+
16. Nf3	ed	41. Kc2	Rd2+
17. Nxd4	0-0-0	42. Kc1	Rxa2
18. Bg5	Ng4	43. Nxh5	Nd2
19. 0-0-0	Rhe8	44. Nf4	Nxb3+
20. Qc2	Kb8	45. Kb1	Rd2
21. Kb1	Bxg5	46. Re6	c4
22. hxg5	N6e5	47. Re3	Kb6
23. Rhe1	c5	48. g6	Kxb5
24. Nf3	Rxd1+	49. g7	Kb4
25. Rxd1	Nc4	Draw	

By Bruce Weber
New York Times Service

NEW YORK — Outfoxed by a cagey computer in a complex endgame, Garry Kasparov was held to a draw by the IBM computer Deep Blue in their fifth game, keeping their rematch tied but forcing Mr. Kasparov into a difficult position if he is to successfully defend the supremacy of the human chess player in the final game of the match.

With half a dozen pieces left for each side in the game Saturday and Mr. Kasparov possessing a passed pawn threatening to become a queen, the computer — rather than block the pawn — pursued his king and forced a perpetual check.

"This is astonishing wizardry from Deep Blue," said Maurice Ashley, an international master.

"This is fantastic," said Mike Valvo, another commentator who is also an international master. "The computer is showing us new ways to play these endgames."

After a victory for each side and then three consecutive draws, the score is 2½-2½. In Sunday's sixth game, Mr. Kasparov needed to win with the black pieces — a disadvantage because white moves first — to prevail.

"In that game, $300,000 is on the line," Mr. Valvo said, referring to the difference between the $700,000 winner's share of the prize fund and the $400,000 that will go to the loser.

Mr. Kasparov, who was visibly angry at the end of the game and renewed his request to see a printout of the computer log from previous games, received an ovation afterward from the 500 spectators at the Equitable Center in Manhattan.

"That was a very exciting game and probably the cleanest one of the match," Mr. Kasparov said. "In a match like this, there are many discoveries, and one of them is that sometimes the computer plays very human moves. We have to praise the machine for understanding positional factors very, very deeply."

"I'm not afraid to admit I am afraid," he added, "and I'm not afraid to say why I am afraid. It goes beyond any chess computer in the world."

The Deep Blue team also appeared on stage after the game, and was met with catcalls and boos.

Saturday's game, like many others in the rematch, was one of shifting fortunes. Mr. Kasparov used a favorite opening called the King's Indian Attack and seemed to be ahead early in the game.



Orlando Sierra/Agence France-Presse
Children waving U.S. and Costa Rican flags as Mr. Clinton departed from the airport in San Jose, Costa Rica.

Clinton Supports Longer UN Mission to Haiti

By Peter Baker
Washington Post Service

BRIDGETOWN, Barbados — Even as he celebrated the triumph of democracy in the Caribbean during a summit meeting here over the weekend, President Bill Clinton quietly moved to shore up the fragile stability of Haiti, where he has invested the most energy in the region and has the most at stake.

After largely amiable summit talks focusing on trade and drugs with 15 Caribbean leaders, Mr. Clinton held a private meeting with President Rene Preval of Haiti to lay the groundwork for keeping United Nations peacekeeping forces in the turbulent country for at least another four months.

"We are determined to do whatever we can to see that democracy survives and thrives. President Preval is, as well," Mr. Clinton said before the half-hour meeting Saturday, in which aides said that Mr. Clinton signaled his support for the idea of an extension and discussed ways of structuring the mission.

About 1,300 Canadian and Pakistani troops remain in Haiti to enforce order and protect its vulnerable democracy; another 450 U.S. troops mostly perform support duties such as construction and training. The deployment is scheduled to end July 31, but Mr. Clinton and Mr. Preval talked about leaving the troops in place until at least November.

Mr. Clinton considers the restoration of democracy in Haiti during a peaceful U.S.-led occupation in 1994 to be a signature accomplishment of his first term. The last thing he wants, according to aides, is for that to unravel.

Away From Politics

- **The Pentagon has begun a wide-ranging review of rules governing social and sexual contacts** to determine whether all branches of the military should adopt the same rules, Defense Department officials said. The review is a result of several cases in which members of the armed forces have been charged with violating rules that prohibit sexual contacts between junior and senior officers, and between officers and enlisted personnel. *(NYT)*

- **The former federal inspector of ValuJet Airlines' maintenance** was unqualified, investigators have found, The Plain Dealer newspaper in Cleveland reported. In May 1996, a ValuJet plane plunged into the Florida Everglades, killing all 110 people aboard. *(AP)*

- **The number of school-age children living in poverty** in the Washington suburbs rose by 85 percent from 1990 to 1994, growing three times as fast as for the nation as a whole, according to new U.S. Census Bureau figures. *(WP)*

- **A water-main rupture** flooded a residential neighborhood in Baltimore 5 feet deep, floating cars down streets and forcing dozens of people to flee their homes, some of them by boat. *(AP)*

POLITICAL NOTES

Never Too Early to Campaign

HOLDERNESS, New Hampshire — It is too warm for ski season in the mountains north of here, and, to the south, it is too chilly to swim in Lake Winnipesaukee. But the political season is well under way, with White House aspirants for 2000 practically tripping over one another.

Consider the Republicans, who, last week alone, ventured to New Hampshire and delivered speeches that may mark the start of their interminable teases about running for president: Senator John McCain of Arizona, Senator Don Nickles of Oklahoma, and Steve Forbes, not taking a break from his failed bid for the nomination last year.

This week, it is the Democrats' turn, with a visit scheduled by Representative Richard Gephardt of Missouri, the House minority leader. This is his second visit this year.

Vice President Al Gore will appear later in the month, followed in early June by Elizabeth Dole.

While New Hampshire, which traditionally holds the nation's first presidential primary, is the epicenter of this unusually early stumping, the preparations extend far beyond these borders.

President Bill Clinton's would-be successors in both parties are quietly (well, not always quietly) romancing consultants and fund-raisers, commissioning polls and even starting to assemble skeletal field operations in pivotal primary states.

Several Republicans have established political action committees or lobby groups as interim campaign vehicles, including Mr. Forbes and former Vice President Dan Quayle.

It is particularly unusual for well-known contenders like Mr. Gephardt to be so active so early. But given the competitiveness of running for president these days, and the premium on snaring the best consultants, it seems as though the would-be candidates in both parties have decided it is never too early. *(NYT)*

Starr and Clinton Spar Again

WASHINGTON — The long-standing hostility between the Whitewater independent counsel, Kenneth Starr, and President Bill Clinton has flared anew in unusually personal terms.

While Mr. Starr has accused the White House of obstructing his inquiry into the Whitewater affair, the administration has dismissed that claim as "nonsense" and accused the prosecutor of conducting a "fishing expedition."

The new round of public sniping started with Mr. Starr. In a speech Saturday to Arkansas newspaper editors, he asserted that White House lawyers were "duty bound" to turn over notes of meetings they had had with Hillary Rodham Clinton and complained that their refusal to do so was an "impediment" to his investigation.

The president responded from Barbados, where he was attending a summit meeting with leaders of the Caribbean: "I think it has been obvious for several years now we've been very cooperative and will continue to be." *(WP)*

Quote/Unquote

Thomas Scully, president of the Federation of American Health Systems, foreshadowing the warfare among health-care providers seeking to minimize their exposure to hefty cuts in the battle to balance the budget: "We're getting to the cannibal stage. It's every man for himself." *(WP)*

On June 16th, the International Herald Tribune will publish a Special Report on:

AVIATION

Among the topics to be covered are:
- The industry's battle to control costs.
- A viable future for the superjumbo?
- The affect of record profits on aircraft orders.
- How does European deregulation fit in with global moves to open skies?
- The evolution of inflight entertainment.

Herald Tribune

This section coincides with the Le Bourget Air Show with bonus distribution during the show.
For further information, please contact Patricia Goupy in Paris at (33-1) 41 43 93 79, Fax: (33-1) 41 43 92 12 or e-mail: supplements@iht.com

THE WORLD'S DAILY NEWSPAPER

BREITLING
1884



AEROSPACE

BREITLING SA
P.O. Box 1132
SWITZERLAND - 2540 GRENCHEN

Tel.: 41 32 / 654 54 54
Fax.: 41 32 / 654 54 00

INSTRUMENTS
FOR PROFESSIONALS

A Bank that covers 900 million People. 18 languages. 27 States.

(And that's just in one country.)

Everywhere you need to do business, chances are we're already there, ready and waiting for you. Which is probably one of the reasons why more and more international business houses are choosing us as their business partner for India and Asia. Already, we have 8,835 branches across India and 52 full-fledged offices around the world. Managed by highly-trained professionals whose job it is to make yours easier. So when you're next looking for a business partner who'll contribute, give us a call.

State Bank of India
NEW GLOBAL PERSPECTIVES.

State Bank of India, International Division, 15th Floor, Madame Cama Road, Post Box No. 10121, Mumbai 400 021, India. Tel: 202 3426. Fax: (22) 204 8073 285 1391.
Overseas Offices: New York • Chicago • Los Angeles • Toronto • Panama • London • Paris • Frankfurt • Antwerp • Hong Kong • Singapore • Tokyo • Osaka • Colombo • Male • Dhaka • Bahrain • Lagos • Bhutan • Washington • Sao Paulo • Dubai • Muscat • Cairo • Jakarta • Milan • Teheran • Moscow • Harare • Manila • Mauritius • Vietnam • Tashkent • Nepal.

Chaitra Leo Burnett B SBI 3310/97 R

ASIA/PACIFIC

The Taleban Quietly Ignores Some Big Sinners: Opium-Poppy Growers

By Kenneth J. Cooper
Washington Post Service

KANDAHAR, Afghanistan — After the Taleban militia took control of the Afghan capital last September, its leaders vowed to establish the most Islamic state in the world. Two months later, in the planting season in southern Afghanistan's opium poppy fields, the fundamentalist militia denounced the flowering crop used to produce heroin as un-Islamic.

But at the start of harvest time here in the Taleban's southern stronghold, mature fields of white, pink and red poppies are in bloom. They splash color even inside the war-damaged city of Kandahar, the militia's headquarters, where one small plot flourishes across a dirt road from the mud-walled central jail.

In the course of their nearly three-year-old fight to rule Afghanistan, the Taleban's leaders have cracked down —sometimes violently— on the people living in the two-thirds of the country that has come under their control. The Muslim clerics and their followers have punished harshly women in dress deemed immodest, men with clean-shaven chins, adulterers, thieves and sports players.

But they have shown no such resolve with producers of raw material for intoxicants clearly forbidden in the Koran, Islam's holy book.

"There are no signs they have been doing anything," said Angus Geddes, a UN official working to persuade Afghans to grow other crops.

According to the U.S. State Department and the United Nations, Afghanistan harvests at least 30 percent of the world's opium poppies. By the State Department's reckoning, that makes Afghanistan the world's second-largest producer of opium poppies. The UN Drug Control Program, using different survey methods, estimates that Afghanistan's output now rivals that of Burma as the largest.

More than 90 percent of the poppy-growing areas in Afghanistan are under Taleban control.

The country's biggest poppy-producing province, Helmand, borders Kandahar Province to the east. Yet despite the Taleban's professed religious convictions, it has not acted with customary zeal to stop poppy cultivation. Its reluctance stems from the damage Afghanistan's economy has suffered during nearly two decades of war, the revenue derived from a 10 percent tax collected on opium and a fear of losing popular support from hundreds of thousands of small growers of poppies.

"Everyone is growing poppy," said Abdul Rashid, drug control director for Kandahar Province. "If we try to stop this immediately, the people will be against us."

Some Taleban leaders have suggested to UN officials that they would be more inclined to enforce international anti-drug agreements and ban poppy cultivation if the United Nations and Western nations recognized their fundamentalist regime, which no government has done. The hints amount to a kind of narco-diplomacy: seeking international legitimacy while condoning trafficking in illegal drugs.

"I've heard that argument: Once we get recognition, then we will deliver all the good things," said Norbert Holl, a UN mediator assigned to negotiate an end to the ongoing civil war between the Taleban and an alliance of northern militias, including the former government of President Burhanuddin Rabbani that the Taleban drove from Kabul last year.

Mr. Rashid said the civil war was partly responsible for the continuing poppy cultivation. "When we take control of the entire country, we will stop it," he said. "In these days, we're too busy with the fighting."

Rather than destroy easily identifiable poppy fields and risk popular wrath, Mr. Rashid said, the Taleban has adopted the more difficult strategy of intercepting drug shipments along Afghanistan's 2,400-kilometer (1,500-mile) border with Pakistan and 930-kilometer border with Iran.

Afghanistan's poppy growers have ready buyers who take the opium harvest to labs along the Pakistani border or inside Pakistan and Turkey, where it is processed into heroin. Most Afghan heroin winds up in Europe, routed through Turkey, Iran or Central Asia.

Afghans do not consume much opium or heroin, though hospital personnel in Kandahar said they occasionally discover surgical patients are addicts because they need massive doses of anesthesia. The Taleban has enforced a ban on hashish, a milder drug used by soldiers on both sides of the civil war.

To Afghan farmers, planting opium poppy on at least part of their land represents a sensible choice in one of the world's poorest countries, where small farming and undisguised smuggling appear to be the major economic activities. Opium poppy pays more and requires less water than other crops. It also reaps cash advances from buyers to pay for fertilizer and seeds.

"That is the reason we are growing this: to make more money," said Issa Khan as he shoveled mud to redirect the flow of irrigation water to his blooming poppy fields. "Nobody has asked us to stop this."

Farmers have grown poppy alongside wheat, fruit trees and spices as insurance against the failure of other crops that need more water, which is scarce in many areas. Because he earns twice as much from poppy as he does from wheat, Mr. Khan said he planted five acres of poppy and four acres of wheat during the winter growing season that is coming to an end.

Mr. Geddes said that the United Nations has tried to persuade poppy growers they can make as much money from fruit orchards, onions and other vegetables.

In three verses, the Koran warns Muslims against involvement with alcohol or drugs. The Taleban's enforcement of those Koranic injunctions is lax, compared to other Muslim countries that show zero tolerance for illegal drugs. In Afghanistan, Mr. Rashid said, the maximum penalty for drug trafficking is 20 years in prison. In Saudi Arabia, whose version of Islam is similar to the Taleban's, it is death.

In New Fight for Vietnam, Franchise Count Rises

Returnees Help to Spread U.S. Influence

By Mai Hoang
Washington Post Service

HANOI — When David Diep Thai of Seattle, who was born in Vietnam, opened a coffee kiosk on the shore of Hoan Kiem Lake last year, he never imagined that one day he would be serving espresso to the United States' first ambassador to Hanoi.

Yet Saturday afternoon, with "As Time Goes By" playing in the background, Mr. Thai chatted with Ambassador Pete Peterson about the major changes under way in Vietnam.

The occasion was all the more remarkable because of the personal histories of the two. Mr. Peterson is a former prisoner of war, and Mr. Thai was a South Vietnamese infant who left the country on one of the last American helicopters to fly out of Saigon, now Ho Chi Minh City, in April 1975.

More than two decades later, both men have been welcomed back warmly by a country that once shunned and condemned them. Although separated by a generation, Mr. Peterson, 61, and Mr. Thai, 24, are part of a new American presence in postwar Vietnam. Once measured in U.S. troop strength, the American presence is now gauged by the number of corporate foot soldiers and franchises descending on one of the world's last Communist countries.

Mr. Peterson, who arrived Friday in Hanoi, strolled about the city Saturday. Across the street from Mr. Thai's Au Lac kiosk is Connecticut-based Carvel ice cream. Baskin-Robbins is here and expanding. TGI Friday and Kentucky Fried Chicken are scheduled to open their first outlets in Ho Chi Minh City next year. Mr. Thai himself will soon be selling fried chicken at a place he plans to open called Cock-a-doodle-doo.

Although the United States ranks ninth on Vietnam's list of top investors, the American influence here is dramatic, at least on the surface.

Mr. Thai, who plans to market his fried chicken primarily to the Vietnamese market rather than to expatriates, predicted success, in part because the food will be served fast and "the price will fit their pocketbooks."

Susan Gajete, manager of the American Club, an expatriate hangout on the site of the former U.S. consulate here, disagrees that Vietnamese tastes are so malleable. "You give Vietnamese kids cheeseburgers but they still want *pho*," a popular noodle soup, she said.

But Mr. Thai said he was confident because he has had a hand in shaping the market's tastes. He is a Viet Kieu, one of the 2 million Vietnamese who fled overseas after the war. About 1 million settled in the United States, where they adopted American tastes that they then introduced to Vietnam.

"A cultural osmosis takes place in Vietnam when Viet Kieu come back, because they are always talking about America this or America that," said Mr. Thai, whose family used to send packages back to Vietnam containing items from shoes to music videos.

Deac Jones, who imports American goods to Ho Chi Minh City, said the Viet Kieu have been more influential in shaping local tastes than the infusion of young Americans during the war years. "Some people remember American icons like Campbell's soup from before the war," he said, "but half the population is under 20, so it doesn't matter with them."

"Everyone loves Cindy Crawford," said Hoang Thi Thu, 21, a Revlon saleslerk who sells as much as $300 worth of cosmetics a day at the Superbowl, a Ho Chi Minh City shopping mall — not bad business in a country where the per capita income is $300 a year. Ice skating until 4 A.M. has become the newest sensation in Ho Chi Minh City, and dance clubs are full of young people wearing American designer-label clothes.

With so much of Vietnam's youth focused on American-style flash and consumerism, the old guard has begun complaining about the loss of traditional values. "The government is moving along very cautiously because they fear social evils from the West," said a U.S. diplomat who requested anonymity.

Pham Hoang Son, 25, manager of the popular Apocalypse Now bar in Hanoi, said the very young were losing part of their heritage. "If you ask them about Vietnam's revolutionary heroes, 90 percent couldn't tell you," he said. But he added that nearly everyone remembers Ho Chi Minh because he's "worth remembering."



Emmanuel Dunand/Agence France-Presse

HOPING FOR RAIN — Girls in traditional costume riding on a parade float Sunday during the rocket festival in Yasothon, Thailand, about 600 kilometers (375 miles) northeast of Bangkok. Powerful homemade rockets are fired during the festival in the belief they will ensure rain during the rice planting season.

BRIEFLY

China Leader Calls for Unity

BEIJING — President Jiang Zemin issued a call Sunday for increased patriotic education and national unity as Beijing faced a renewed territorial dispute with Japan and separatist strife in areas populated by ethnic minorities.

"The patriotic enthusiasm of the people of all ethnic groups throughout the country should be turned into a mighty force to promote the reform, opening-up, modernization and revitalization of the Chinese nation," Mr. Jiang said in a speech reprinted in People's Daily, the Communist Party mouthpiece.

The speech was delivered to party officials in October, but was made public after a dispute between Beijing and Tokyo over sovereignty of an island group in the East China Sea flared up last week. *(Reuters)*

Taipei Assails Seoul Over Snub

TAIPEI — The Taiwanese Foreign Ministry on Sunday criticized South Korea's decision to downgrade the status of Taiwan officials at the East Asian Games.

"The ministry has ordered its representative office in South Korea to lodge a strong protest to the South Korean government as soon as possible," the ministry said.

The games began in Pusan on Saturday. The ministry said South Korea revoked the "distinguished guests" status given to three Taiwan Education Ministry officials, including Minister Wu Jin, and downgraded their status.

Taiwan news media said China had pressured Seoul into making the move. *(Reuters)*

Queries for Friend of Kim's Son

SEOUL — South Korean prosecutors have begun questioning an associate of President Kim Young Sam's son to find out if the younger Kim accepted kickbacks in return for influence, state radio said Sunday.

The Korea Broadcasting System said the associate, Lee Song Ho, suspected of managing slush funds for Kim Hyun Chul, voluntarily appeared before the prosecutors Sunday.

Prosecution officials were not available for comment. Kim Hyun Chul is under investigation over accusations that he meddled in state affairs, kept part of the money from his father's election campaign in 1992, and played a role in a loans-for-kickbacks scandal involving the failed Hanbo Steel Co. He has denied any links with Hanbo. *(Reuters)*

Opposition Rallies in Jakarta

JAKARTA — Tens of thousands of supporters of the Muslim-led United Development Party held a rally in Jakarta on Sunday as campaigning stepped up for the Indonesian parliamentary election.

They were joined by many supporters of another opposition leader, Megawati Sukarnoputri, who was ousted as head of the Indonesian Democracy Party by a government-backed faction.

The two opposition parties and President Suharto's ruling Golkar party are the only three parties allowed to contend the 425 seats at stake on May 29. The Muslim party has made overtures toward Mrs. Megawati in an apparent bid to win her supporters' votes. *(AFP)*

With Kashmir As Goal, Heads Of Pakistan and India to Meet

Reuters

MALE, Maldives — The prime ministers of India and Pakistan meet this week in the highest-level negotiations between the rival neighbors in four years, but diplomats cautioned against expectations of a quick breakthrough in the peace talks.

Prime Minister Nawaz Sharif of Pakistan and his Indian counterpart, Inder Kumar Gujral, hold their first face-to-face talks Monday at a resort on this Indian Ocean island nation. The meeting will be held on the sidelines of a summit meeting of the South Asian Association for Regional Cooperation.

Mr. Sharif was named prime minister in February, and Mr. Gujral took office three weeks ago. They have exchanged letters expressing their hope that the two longtime rivals could ease tensions.

Foreign Minister Gohar Ayub Khan of Pakistan played down the prospects of a quick breakthrough.

"Expectations should not be built up because unless the groundwork is there, there could be disappointments," Mr. Khan said.

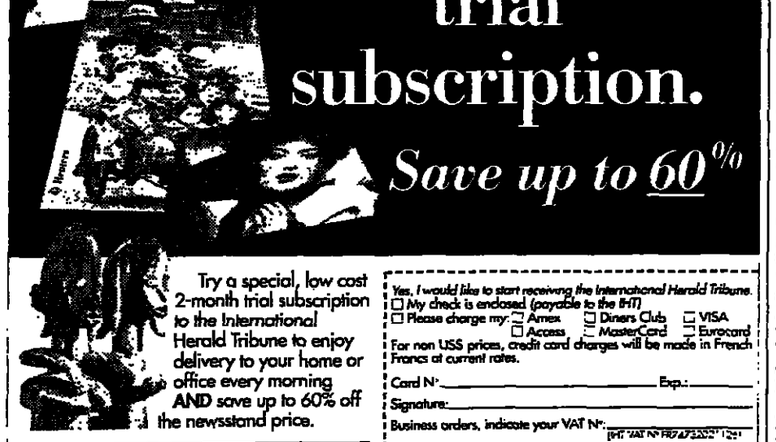
The two states began bilateral talks in March after a three-year hiatus marked by tension over Kashmir, where officials say more than 20,000 people have died in a separatist insurgency.

The foreign secretaries of India and Pakistan met in March, followed by talks last month between Mr. Khan and Mr. Gujral, who was foreign minister before being elevated to prime minister.

Officials said there could be agreements in a range of areas before the quarrel over Kashmir is resolved.

Mr. Khan said that a settlement over Kashmir, the cause of two of the three wars India and Pakistan have fought since independence in 1947, would take "a long time." But progress in other areas, such as relaxing travel restrictions, increasing trade and releasing prisoners, could be expected sooner, he said.

India welcomed his stance. "That makes sense to us because that is what we have been saying, that intractable issues cannot be settled overnight," an Indian Foreign Ministry spokesman said.



A two-month trial subscription.

Save up to 60%

Try a special, low cost 2-month trial subscription to the International Herald Tribune to enjoy delivery to your home or office every morning AND save up to 60% off the newsstand price.

COUNTRY/CURRENCY		2 MONTHS NEWSSTAND PRICE	2 MONTHS OFFER PRICE	DISCOUNT OFF COVER PRICE
AUSTRIA	ATS	1,456	650	55%
BELGIUM	BEF	3,380	1,350	60%
DENMARK	DKK	780	360	54%
FINLAND	FIM	624	310	50%
FRANCE	FF	520	210	60%
GERMANY	DEM	182	72	60%
GREAT BRITAIN	£	47	22	53%
GREECE	DR	18,200	9,100	50%
IRELAND	IRE	52	26	50%
ITALY	ITL	145,600	58,000	60%
LUXEMBOURG	LFR	3,3800	1,350	60%
NETHERLANDS	NLG	195	78	60%
NORWAY	NOK	832	390	53%
PORTUGAL	ESC	11,960	5,000	58%
SPAIN	PTAS	11,700	5,000	57%
SWEDEN	SEK	832	350	58%
SWITZERLAND	CHF	166	66	60%
USA	$	78	33	58%
ASIA/ELSEWHERE	$	—	50	—

Yes, I would like to start receiving the International Herald Tribune.
☐ My check is enclosed (payable to the IHT)
☐ Please charge my: ☐ Amex ☐ Diners Club ☐ VISA ☐ Access ☐ MasterCard ☐ Eurocard
For non US$ prices, credit card charges will be made in French Francs at current rates.
Card N°: _____ Exp.: _____
Signature: _____
Business orders, indicate your VAT N°: _____
Mr/Mrs/Ms Family Name: _____
First Name: _____ Job Title: _____
Mailing Address: _____
City/Code: _____
Country: _____
Home Tel N°: _____ Business Tel N°: _____
E-Mail Address: _____
I got this copy of the IHT at: ☐ kiosk ☐ hotel ☐ airline ☐ other
☐ I do not wish to receive information from other carefully screened companies
Mail or fax to: International Herald Tribune
EUROPE, MIDDLE EAST & AFRICA
181 Ave. Charles de Gaulle, 92521 Neuilly Cedex, France
Fax: +33 1 41 43 92 10. Tel: +33 1 41 43 93 61
THE AMERICAS
850 Third Avenue, New York, N.Y. 10022-6275, USA
Fax: +1 212 755 8785. Tel: (toll free) 1-800-882-2884
ASIA
7/F Malaysia Bldg, 50 Gloucester Rd, Hong Kong
Fax: +852 29 22 11 99. Tel: +852 29 22 11 71
E-Mail No: subs@iht.com
12-5-97 Offer valid for new subscribers only. HABM

A Dissident's Determined Battle

Q&A / Han Dongfang

After helping to set up an independent trade union in China, Han Dongfang, a former railroad worker, was jailed by the Beijing government in 1989 when it cracked down on the pro-democracy movement. Released in 1991 with tuberculosis, he was allowed to go to the United States for treatment. After recovering, Mr. Han, 34, settled in Hong Kong. He recently discussed human and labor rights in China and Hong Kong with Michael Richardson of the International Herald Tribune.

Q. Tung Chee-hwa, Hong Kong's chief executive-designate, told a group of U.S. and British journalists this past week that demonstrations would still be allowed in the territory after China takes over at midnight June 30 as long as they do not advocate independence for Hong Kong, Tibet or Taiwan. Do you believe that curbs on freedom of assembly will be limited to those areas alone?

A. The rule of law still applies in Hong Kong, Mr. Tung seems to be well-intentioned. But how can we trust his promise, especially when his power comes from the Communist Party leadership in mainland China? So we must wait and see whether what he says turns out to be the case.

Q. Do you accept Mr. Tung's assurance that China's secret police, the Public Security Bureau, will have no role to play in Hong Kong after the handover?

A. No. I suspect that their agents are already very active in Hong Kong. In China, state security is party security, party security is national security, and national security is the people's security.

•

Q. What are you telling your fellow political exiles from China about the risk of being arrested in Hong Kong after China resumes sovereignty? Should they stay or leave?

A. I have been telling them to leave. Most are political dissidents who came to Hong Kong from China by crossing the border illegally. Less than 100 remain. China could easily have these political dissidents charged with illegal border crossing and jailed for up to three years.

Q. You were expelled from China in 1993 after re-entering the country through a little-used border checkpoint. Will you remain in Hong Kong after June 30?

A. Yes. I want to get back my fundamental civil right to stay in my country. After July 1, when China resumes sovereignty over Hong Kong, I will be back in my homeland. In 1993, when Chinese authorities expelled me, they told me I was not welcome anymore in China and that I had no right to be a citizen. I told them, "Just wait until July 1, 1997, then I am going to win."

My other reason for staying in Hong Kong is that I am a trade unionist. I believe I must stay as close as possible to Chinese workers and follow the situation in China.

•

Q. If you stay, won't you be courting arrest?

A. It could happen. But Hong Kong is not China. Hong Kong people support the rule of law. If Chinese authorities are going to do anything against me through legal channels, I think I will get the chance to protect myself. I trust the legal system in Hong Kong.

Q. Will you continue to campaign for independent trade unions in China?

A. That's what I am doing now as a researcher with the Hong Kong Christian Industrial Committee and I intend to keep doing it.

Q. Why do you think the work is important?

A. In China, trade unions are controlled by the party and government, and they serve the interests of employers, not workers. We want unions that speak for workers.

Q. Are workers in China better off now than they were before the government started to introduce free-market reforms to the economy and to open it to foreign investment?

A. For a majority of Chinese workers, conditions are worse. They may earn more money, but inflation has eroded purchasing power, working conditions are often bad and job insecurity is much more widespread than before. As state enterprises lay off staff and rural workers move in very large numbers into urban centers looking for jobs, unemployment is becoming a very serious problem. The gap between rich and poor is widening. It's a time bomb for China.

•

Q. Could China allow independent trade unions to bargain for better pay and conditions without damaging its economy or national unity?

A. The Communist Party has no idea how to resolve China's enormous economic and social problems. But it won't allow independent trade unions to start negotiations and collective bargaining. The workers won't keep quiet forever. One day the situation will explode and they will rebel.



Samuel Lynch/Agence France-Presse

Han Dongfang is planning to stay on in Hong Kong after June 30.

Have you been to THE INTERMARKET today?

Don't miss it. A lot happens there.

EUROPE

The New Voice of French Socialism

By Craig R. Whitney
New York Times Service

GONDECOURT, France — Martine Aubry, a Socialist who is running for Parliament in the national elections this month, practically has Europe written all over her face.

She looks very much like her father, Jacques Delors, familiarly known as Mr. Europe for his service as president of the European Union's executive commission from 1985 until 1995, and shares his view on European integration.

The capstone of his career was the 1992 Treaty on European Union. Nonetheless, he was recently assaulted by an infuriated bystander while campaigning for the new Socialist platform, which says the French should not be required to suffer any more economic hardship for the sake of achieving the common European currency, or euro, which is at the core of the treaty.

But Mrs. Aubry, 46, is also a political personality in her own right. A former minister of labor, she will certainly get another prominent cabinet position if the Socialists win in the voting on May 25 and June 1. And she makes clear she is more than her father's daughter in more ways than one.

"The biggest help to me," she said pointedly when asked whether being Mr. Delors's daughter would help or hurt her in the election, "is that I was lucky enough to have had both the mother and the father I had."

The main election issue this time, she said, is not the need to keep deficit spending under control in order to get France approved for use of the euro, but whether the austerity policies President Jacques Chirac's conservative government has imposed over the last two years were the only way to accomplish that.

"People in this country are very pro-European, but there's a gulf between politics and the real problems people see in their daily lives," she said over a warming drink in the Cafe de la Barre after a cold and rainswept morning on the campaign trail in Gondecourt, a district south of Lille.

"What the French economy needs now is not to put the monetary brakes on against inflation — that problem has been solved," she said. "What we need is to get French consumers buying goods again to get economic growth started."

A Socialist government would make the euro work and would make France prosper, she said, "if we get elected and then do what we say."

But how could they do that, she was asked, since opinion polls say the only way the Socialists could form a government would be in a coalition with the Communists, and the Communists oppose the common currency outright.

"There will be only one line on the euro," she said, echoing the statements of her party's leader, Lionel Jospin, who was trying elsewhere to dispel doubts on that score. The Communist Party leader, Robert Hue, insisted that the Communists would not budge from their positions.

Mr. Jospin has been accused of backtracking on the European positions the Socialist Party took while one of its former leaders, Francois Mitterrand, was president.

Mr. Mitterrand negotiated the terms of the accord on monetary union for France, and fought a close battle for ratification of the European Union treaty in 1992.

But now, as Mrs. Aubry sees it, with French unemployment at the highest level since recovery from World War II, it is not worth "breaking the country" to achieve the common currency, and the treaty terms allow leaders some political leeway in deciding whether the criteria have been met.

A key Socialist platform plank calls for a "European economic government" of national leaders alongside the stern independent central bankers who have been calling the European monetary shots in the period leading up to the introduction of the common currency. Those bankers will also decide monetary policy once the euro comes into being in 1999.

Not that she has anything against money professionals. Mrs. Aubry's husband, Xavier, is an accountant and she is a graduate of the prestigious National School of Administration. The school has often been derided for training the French political elite so highly that they have lost touch with ordinary people and their concerns. Mr. Jospin, Prime Minister Alain Juppe and Mr. Chirac attended the school, too.

Mrs. Aubry has said she wants her party to adapt to new economic conditions, not to fight to keep the status quo.

■ Poll Is Favorable to the Right

Government strategists were cheered by an IFOP institute poll for the Journal du Dimanche, conducted Friday, suggesting the center-right had gained 3 points to stand at 41 percent and the combined left lost 2.5 points at 38.5 percent, Reuters reported from Paris.

It projected the coalition would win at least a 100-seat National Assembly majority.

But an IFOP political analyst, Jean-Luc Parodi, cautioned against reading too much into the poll, noting that 27 percent of people certain to vote said they could still change their minds, and that about 100 seats hinged on less than three percentage points in the runoff, less than the pollsters' margin of error.



Sam Lowe/The New York Times

Martine Aubry, center, campaigning in Lille for the Socialist Party, says austerity is the issue in this election.

BRIEFLY

Paris Vows to Resist U.S. Meat

PARIS — The French agriculture minister threatened Sunday to ban imports of U.S. meat treated with hormones, even if the move meant heavy fines for Paris.

The minister, Philippe Vasseur, also said France would require special labels on American meat as of July 1, so that consumers would know its country of origin.

The European Union has barred imports of beef produced with the aid of synthetic-growth hormones since 1989. But the World Trade Organization, in an interim report issued last Wednesday, agreed with Washington's argument that the ban was not based on any demonstrated health risk and was therefore an unfair trade barrier.

Mr. Vasseur called the U.S. complaint "entirely unfriendly," saying he saw no reason "to try to impose meat on French consumers that they do not want."

He added: "I say quite clearly, France is entirely prepared to pay penalties if that is what is needed to prevent hormone-treated American meat from gaining entry to our territory." *(Reuters)*

Turks Rally for Islamic Schools

ISTANBUL — Hundreds of thousands of Turks on Sunday protested the secular military's orders that the government close Islamic-oriented schools. The rally was the largest in the country in decades.

Although predominantly Muslim, Turkey has been a secular republic since 1923, when it was founded on the ruins of the Islamic-ruled Ottoman Empire.

In February, the influential National Security Council, which includes a number of top generals, directed the Welfare Party-led government to increase the compulsory education term from five to eight years. That would mean shutting down the first three years of the religious high schools.

Those opposed to the schools, which follow an Islamic curriculum with several hours of Koranic and Arabic classes, contend that they are raising a generation of young people who will pose a threat to the nation's secular and pro-Western traditions.

The government has so far dragged its feet on the changes. But the schools' supporters worry that the Welfare government — to stay in power — eventually will succumb to the military's pressure; the rally Sunday was the result, an effort to show they had the backing of a substantial number of Turks. *(AP)*

TV Crew Abducted in Chechnya

MOSCOW — The kidnapping of a Russian television crew in Chechnya has posed a new challenge for the region's separatist leaders and further soured the atmosphere before scheduled talks with President Boris Yeltsin.

Gunmen seized two men and a woman who were working for NTV television Saturday near the village of Samashki, about 30 kilometers (20 miles) west of the Chechen capital, Grozny, an NTV official said.

It was the latest in a string of kidnappings in the volatile Caucasus region, where 21 months of war between the separatists and Russian forces have left a legacy of bitterness and an area swarming with heavily armed men. *(Reuters)*

Spain Seizes Hashish on Boat

ALMERIA, Spain — Three Britons were among 11 people arrested Sunday when the police seized 10 tons of hashish on a boat sailing close to this southern port.

The 11 were brought before a court for questioning while the inquiry continues, said a National Police spokesman, who in keeping with custom refused to be identified.

The boat carrying the hashish was flying a British flag, the spokesman said. Three Britons and five Moroccans were arrested when coastal guards boarded the boat. Three other people whose nationalities were not made known were arrested on land, the spokesman added. *(AP)*

Irish Leader Calls for Elections

DUBLIN — Ireland will hold legislative elections in early June, Prime Minister John Bruton said Sunday.

"We are looking at an early June election at this point," he said in an interview on RTE radio. Mr. Bruton did not specify a date, but he was expected to ask President Mary Robinson to dissolve Parliament on Thursday and fix the polling date for June 6.

Two opinion polls indicated last week that Mr. Bruton's coalition will face an uphill struggle in its bid to hold onto power. *(AFP)*

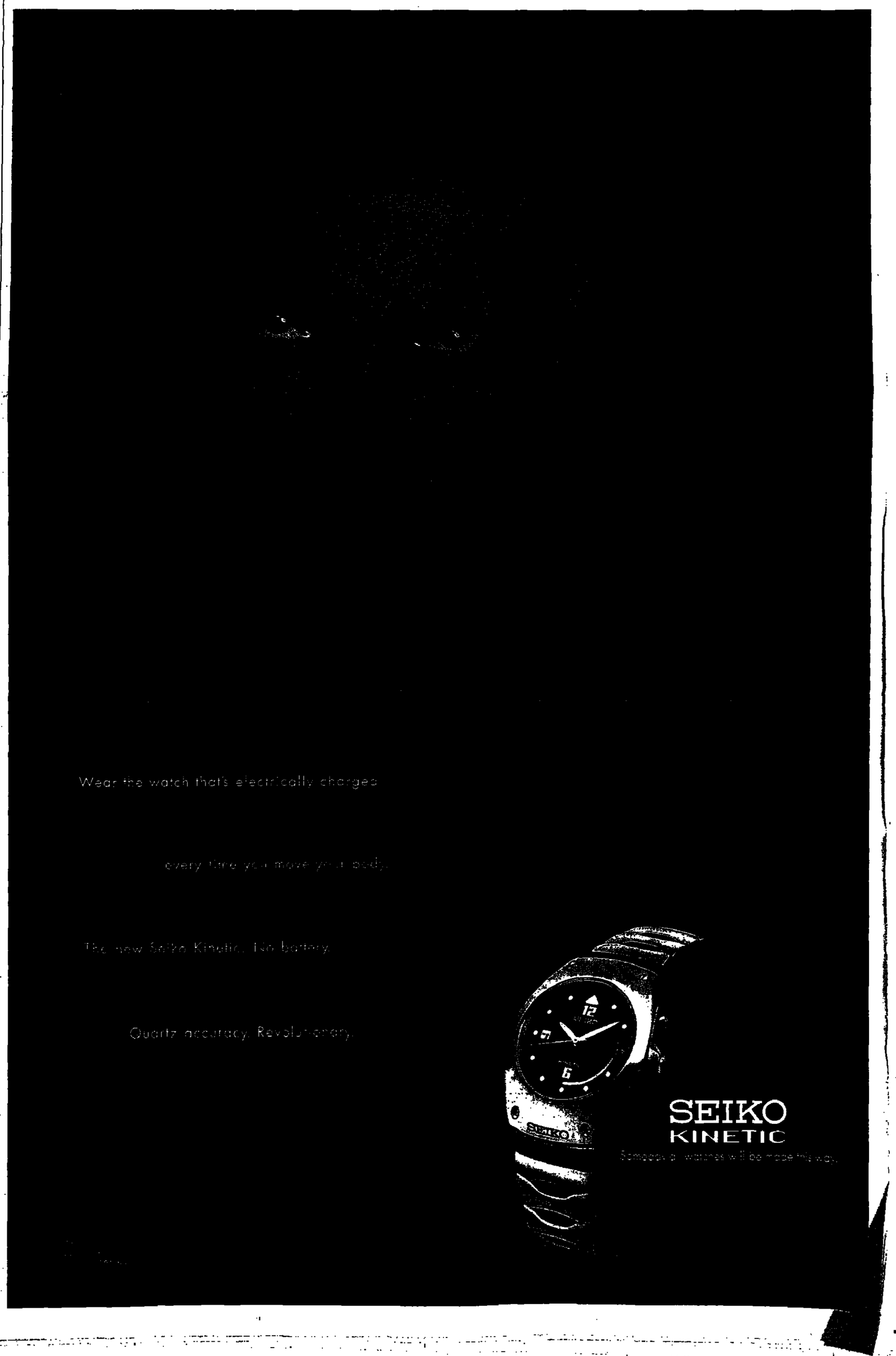
The EU This Week:

International Herald Tribune

Significant events in the European Union this week:

• The Union's finance ministers are to meet in Brussels on Monday to review the economic convergence programs of Spain and Portugal, a litmus test of their prospects of joining a single currency, and to endorse recommendations for 10 EU countries to rein in excessive budget deficits. The meeting also will give ministers the first chance to assess Britain's new chancellor of the exchequer, Gordon Brown, and his attitude toward monetary union.

• Negotiators for the intergovernmental conference on EU reform will meet in Maastricht on Friday and Saturday to review overall progress ahead of a mini-summit meeting of EU leaders the following week. The Union aims to complete the negotiations on a new governing treaty by mid-June.



INTERNATIONAL

Zaire Insurgents Resume Advance

Rebel Official Rejects Role for Archbishop in Any Transition

Compiled by Our Staff From Dispatches

LUBUMBASHI, Zaire — Zaire rebels said Sunday they had resumed their advance toward the capital, despite a pledge to President Nelson Mandela of South Africa.

The announcement as both sides in the conflict prepared for new negotiations this week under South African auspices was seen as a device to increase pressure on President Mobutu Sese Seko.

Marshal Mobutu returned to Kinshasa *under heavy security on Saturday night,* prepared for a second round of direct talks with Mr. Kabila to try to end the civil war.

The marshal's decision to return confounded many who had expected that his flight out of the country on Wednesday for a meeting with regional leaders would be his final departure.

Marshal Mobutu, 66, and ill with prostate cancer, agreed to discuss a transition of power in a meeting with Mr. Kabila on Wednesday in Pointe-Noire, Congo, said the South African deputy president, Thabo Mbeki, whose country has been acting as a mediator in Zaire's war.

Mr. Kabila's forces have seized three-fourths of Zaire and claim to be within 50 kilometers of Kinshasa.

The rebel official responsible for foreign affairs, Bizima Karaha, told a news conference in Lubumbashi that the rebels would abandon the South African initiative and attack if Archbishop Laurent Monsengwo accepted his election as speaker of the Zaire Parliament.

Archbishop Monsengwo, the prelate of Kisangani, was elected Saturday as part of preparations for Marshal Mobutu to hand over power to a transitional authority.

The post of speaker has been vacant since a combined move by Marshal Mobutu's followers and the radical opposition ousted Archbishop Monsengwo two years ago.

Archbishop Monsengwo said in Brussels that he was ready to mediate in Zaire's civil war only if he can be "useful."

He said he planned to make "initiatives" to that end, but would not elaborate.

Mr. Karaha said that over the past few days Zairian troops, backed by the Angolan rebel group UNITA and former Rwandan troops, had attacked rebel positions near the town of Kenge, 200 kilometers east of Kinshasa, but had been driven back.

"Mobutu is a devil and a trickster," he said, "and has used the talks to reenforce his troops, bring in UNITA elements, former Rwandan troops and consolidate his position in Kinshasa."

"Our response to this is that we are abandoning our pledge and we are now advancing and will continue to advance," he added. "We shall now talk and fight, and fight and talk."

Mr. Karaha said rebel forces were close to Kinshasa but declined to give details. He said they had captured some UNITA troops.

"I will parade them here in Lubumbashi in the next few days," he added.

The official said that Archbishop Monsengwo and unnamed foreign countries were trying to stop a revolution in Zaire.

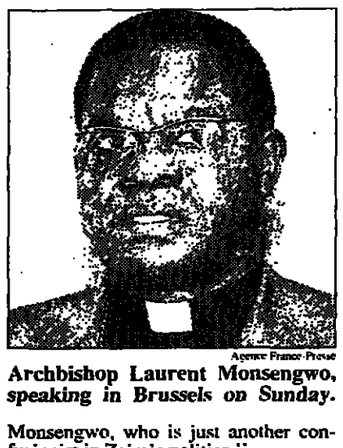
"If he accepts the job then we will abandon talks and Monsengwo will bear the consequences of what will happen in Kinshasa," Mr. Karaha said.

"Monsengwo has got responsibilities and he must not repeat what he did a few years ago," he added. "He is the one who stopped the revolution."

Mr. Karaha, who said he was speaking on behalf of Mr. Kabila, said the transfer of power in Zaire "shall only be from Mobutu Sese Seko to Mr. Kabila."

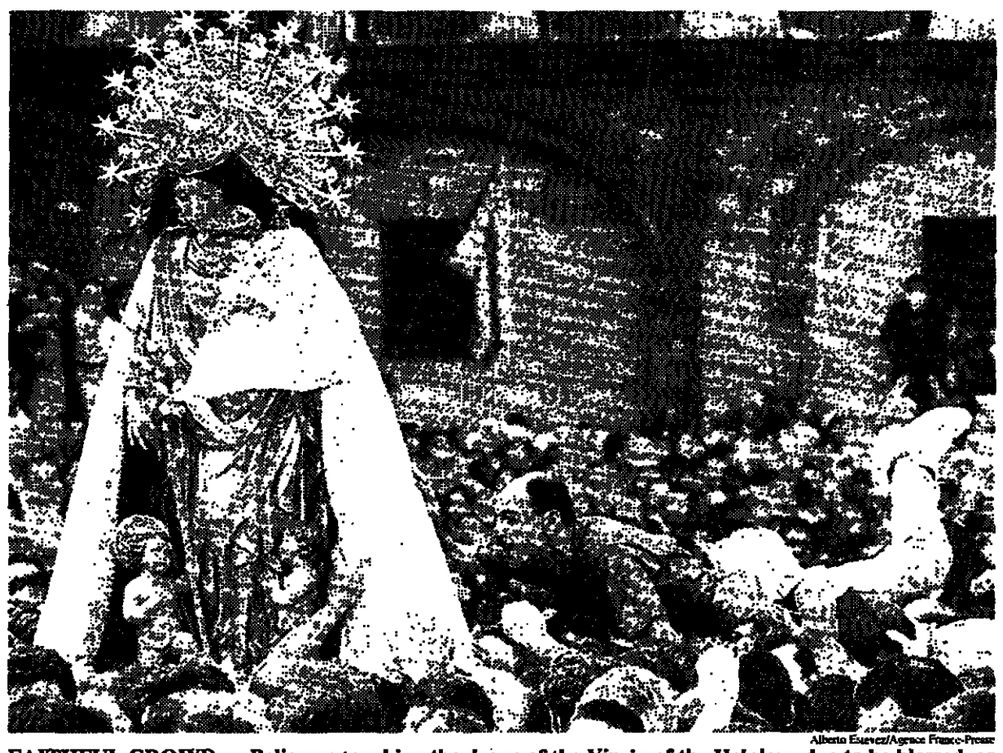
"Nothing else will be acceptable to us," he said, adding: "We are not going to negotiate with anybody else other than Mobutu. We shall not even deal with Monsengwo, who is just another confusionist in Zaire's politics."

It was uncertain whether Mr. Mobutu was willing to make any concessions in the peace talks. *(Reuters, AP, NYT)*



Agence France-Presse

Archbishop Laurent Monsengwo, speaking in Brussels on Sunday.



Alberto Estevez/Agence France-Presse

FAITHFUL CROWD — Believers touching the drape of the Virgin of the Helpless, due to be blessed, as the statue was transferred Sunday through Valencia, Spain, from Church of the Helpless to the cathedral.

Tough Final Bargaining On a NATO-Moscow Deal

By Steven Erlanger
New York Times Service

WASHINGTON — Even though President Boris Yeltsin says a deal governing relations between Russia and an expanding NATO is "98 percent complete," senior American officials and NATO-country diplomats are warning that difficult military issues between Moscow and the alliance have yet to be settled and could delay a signing this month.

The White House scheduling office is already having fits, officials say, about whether or not President Bill Clinton will need to be in Paris to sign a final document on May 27. But other officials caution that the North Atlantic Treaty Organization should not be rushed, and that Mr. Yeltsin's desire for the Paris meeting gives the alliance a negotiating advantage.

At the moment, the two sides even disagree on what to call the document, officials say. The Russians are looking for a more fundamental word than "charter," suggesting "act." And they want a Russian co-chairman of the new Joint NATO-Russia Council, while NATO wants to preserve its secretary-general, Javier Solana Madariaga, as the sole chairman, though he might have a Russian deputy.

But the officials and diplomats say they are confident that such issues will disappear if the military issues can be resolved; otherwise, the political sections of the document are complete.

The main outstanding issues revolve around Russia's effort to limit the presence of NATO forces on the soil of new members, while Washington and NATO capitals are determined not to create any "second-class citizens" in NATO. The new members are widely expected to be Poland, Hungary and the Czech Republic, with Romania and Slovenia still in the running but fading, the officials say. The winners of the NATO expansion competition will be announced in early July, but new members must be ratified by each NATO country, which will take nearly two years.

On Tuesday and Wednesday, the Russian foreign minister, Yevgeni Primakov, will meet Mr. Solana in Moscow, and Mr. Yeltsin says he may attend.

But the U.S. secretary of State, Madeleine Albright, may also need to meet Mr. Primakov again, after flying to Moscow last week to see him.

NATO officials say expansion will go ahead no matter what, but hope to make the May 27 target. They say that Mr. Primakov appears to be under pressure from Mr. Yeltsin to get the document done, but wants to be able to assure Mr. Yeltsin that Russia's security will be no worse off than when he took office in 1991, the officials say.

The Russians have made a great step in principle toward NATO, the officials say, by agreeing that the alliance can permanently deploy allied forces on the territory of new members. Originally, Russia wanted to prohibit the permanent stationing of any allied forces in new member states.

But Russia wants to set a binding limit on such forces at about 5 percent of limits under treaties governing conventional forces in Europe, so that if Hungary, for example, has a limit of 100 tanks on its territory, only 5 of the 100 could come from other members of the alliance. NATO wants that number to be 20.

Western officials say the 5 percent limit is simply too low, because it would mean no more than a brigade or so in Poland, which would make no coherent military planning possible, and only about five tanks for Slovenia.

The two sides also disagree about Moscow's efforts to restrict the amount of military infrastructure — new airfields, buses, radars and the like — that would be used to accommodate reinforcements that might be sent to new members in time of crisis. NATO is prepared to station only small numbers of troops on the territory of new members, but needs the capacity to reinforce, if necessary.

Nukes: Russia Reserves Right To Strike First

By David Hoffman
Washington Post Service

MOSCOW — President Boris Yeltsin has approved a new security doctrine for Russia that stipulates the right to use nuclear weapons first if attacked, according to a senior Kremlin security adviser.

"We are not speaking of making a first strike in order to secure advantage," Boris Berezovsky, deputy head of the Security Council, told Echo Moskvy radio. "But if we are driven into a corner and are left with no other option, we will resort to nuclear weapons." His comments are similar to those made in February by Ivan Rybkin, the Security Council chief, who said the Kremlin in effect was reversing a pledge by the former Soviet president, Mikhail Gorbachev, that the Soviet Union would not be the first to use nuclear weapons in a conflict.

The Russian comments took U.S. officials by surprise. In Washington, the State Department spokesman, Nicholas Burns, said, "Rather than talking about no first use, we think that public comment should be directed toward lowering the risk of nuclear war and lowering levels of nuclear weapons."

Despite urging by former Soviet leaders, including Mr. Gorbachev, the United States has always refused to adopt a formal no-first-use policy for nuclear weapons. If Mr. Berezovsky's remarks at the end of the week reflect Kremlin thinking, they effectively would bring Russian policy on nuclear weapons in line with U.S. policy.

The recent statements about a nuclear first strike are being viewed here as part of Russia's effort to pressure NATO in the ongoing negotiations over a new charter between Russia and the alliance. Mr. Yeltsin said this week that work on the charter was 98 percent complete, but further negotiations are expected in Moscow next week with the goal of a signing ceremony in Paris at the end of the month.

Russia has expressed anxiety over whether an expanded NATO would bring alliance military hardware closer to the Russian frontier. The allies are hoping to assuage these concerns before deciding at its July summit to invite new members.

GERMANY: *Washington and Bonn Go Their Separate Ways With End of the Cold War*

Continued from Page 1

Affairs. "Germany will remain in the alliance, but European integration — further development of the EU and close cooperation with France — is increasingly important.

"The United States must understand that in the next century Germany will not automatically take its side in disputes between Washington and Paris. Germany's vital interest dictates that it not become isolated or insulated from its European neighbors, and France is the most important," Mr. Schmidt writes.

U.S. and German officials say the partnership can continue to prove its strength when necessary. In the face of Russian opposition, Bonn and Washington have worked closely on NATO's planned expansion, which is expected to include the Czech Republic, Hungary and Poland, Hungary. Bonn and Washington share a common interest in ensuring that the alliance does not stop at Germany's eastern border.

Moreover, the rapport between the leaders of the two countries, Chancellor Helmut Kohl and President Bill Clinton, — is cited as one of many personal friendships that have eased dealings between the two governments.

But in recent years, the character of Mr. Kohl's inner circle has changed noticeably, reflecting a new set of priorities. In place of Horst Teltschik, his chief foreign policy analyst for many years who cultivated close ties with Washington, Mr. Kohl has appointed a Francophile, Joachim Bitterlich, to the post. When asked for his views on U.S.-German relations, Mr. Bitterlich relayed a message saying he did not think the topic was worthy of his time.

Mr. Teltschik, the former foreign policy analyst, said: "I still think the chancellor feels a special warmth toward the United States, but he is too preoccupied now with domestic and European issues."

He added, "Trade, jobs and European integration are the subjects uppermost in his mind these days."

But Mr. Teltschik said he was worried about potential confrontations that could weaken the alliance in the coming years. In addition to trade battles, the advent of the euro could challenge the dollar's role as the world's only reserve currency.

"The evolution depends largely on the behavior of the United States," Mr. Teltschik said. "There is growing anxiety in Europe about how the United States will use its position as the only world superpower."

But U.S. officials say the future relationship will depend on the way in which Germany takes up its responsibilities as the undisputed power in Europe. They say the goal of a stable, peaceful new order on the continent can be achieved only when Germany pulls its weight.

"We would like to see the Germans assert themselves more in Europe, but they still remain fearful about wielding any kind of power," said James Bindenagel, deputy chief of mission who, in the absence of an ambassador, has run the U.S. Embassy for the last year. "The last Russian troops left in 1994, and one gets the feeling that Germans are still trying to come to grips with their own sovereignty."

Gingrich Eases Stance on Trade Reviews for China

International Herald Tribune

WASHINGTON — Newt Gingrich, the House speaker, retreated slightly Sunday from his proposal to renew Chinese trade privileges for no more than six months as a way of pressuring Beijing to respect the rights of Hong Kong people after the territory reverts to China on July 1.

Without renouncing his idea on extending China's most-favored-nation trading status for less than the usual year, Mr. Gingrich noted in an interview on NBC television that "all the major leaders of Hong Kong" favored a year's extension.

The governor of Hong Kong, Chris Patten, sent letters to Mr. Gingrich and other Republican legislators last week to welcome their support for Hong Kong. But he objected strongly to any curtailment of China's trading privileges, which could hurt Hong Kong's economy.

Asked whether he expected the trading status vote to pass this year, as it has each year since the requirement began in 1980, Mr. Gingrich replied, "I don't know if it'll pass or not." He said he expected a "weaker vote" than a year ago.

He defended the utility of trade pressures, however. "The Chinese government pays attention," he said. "It does make them more sensitive, it does make them more nervous" about international scrutiny of their human rights practices.

President Bill Clinton, who supports an extension of most-favored-nation trading status, is required to notify Congress by June 3 whether he plans to continue doing so.

Mr. Gingrich said he was disappointed with a White House threat to veto any plan to review the trading status more than once a year. But he said that China had become "less dictatorial" than it was 10 to 20 years ago, that a "much broader approach to China" was advisable, and that U.S.-Chinese trade was generally good for both sides.

ITALY: *Stung by Tepid Reception of Efforts to Join Euro Club*

Continued from Page 1

the measures Italy has taken to reform its old borrow-and-spend economy can be sustained. They suggest that the progress in the reduction of the Italian deficit from 6 percent may be like that of a prizefighter leaving the steam room before a weigh-in. If smaller southern European economies like those of Spain and Portugal that meet the EU criteria are seen as potential first wave participants, the overriding German concern is that any eventual slackening in Italian financial management would run down the euro's worth.

In terms of German domestic politics, having the Italians as part of the euro in 1999 would only complicate Chancellor Helmut Kohl's difficult bid for re-election in late 1998. He must sell the Deutsche mark-to-euro transition to a reluctant electorate that already sees it as gold to dross. Mr. Kohl's most dangerous Social Democrat potential opponent, Gerhard Schroeder, a populist with a sharp nose for public sentiment, has already lined up against the Italians, saying that Italy's immediate participation in the euro would destabilize it.

To a German diplomat asked to explain his country's attitude, any suggestion of racism is silly.

"But it is a fact for a German when you go to Italy and pay 3 million lire or whatever for a glass of beer, that doesn't seem serious," the diplomat said.

Holger Schmieding, an economist at the Frankfurt office of Merrill Lynch, said: "It is not racism by the German public. It is a prejudice rooted in a lot of experience."

Whatever the definition, in an editorial earlier this year in Germany's most influential newspaper, the Frankfurter Allgemeine Zeitung, told readers that the monetary union target of a deficit-to-GDP ratio of 3 percent was seen "by many Italians as an unwelcome restraint to political fantasy in the area of public spending."

"Especially unpleasant and trying is the fact that there should be stiff rules attached to monetary union whose observance may be followed in the open," the newspaper said. "Many Italians do not simply understand why as far as European Monetary Union goes great importance is attached in some countries to finance markets, protection of currencies and savings."

Things were just too different in Italy, the editorial went on: "Daily human contact is too often characterized not by civic sense or a spirit of community, but by selfishness in the struggle of everybody against everybody else.

"While understanding Italy's perspective, the partner countries must demonstrate firm observance of the rules, allowing no room for loopholes. Otherwise it cannot be excluded that once Italy is admitted into monetary union and taking advantage of its privileges, some future Italian government won't try to bargain to see how much the rules can be bent."

An economist like Mario Nouera, of the Deutsche Bank's Milan office, listens to this, as he has to references to olive pickers and the "Club Med" — the southern European countries seen by their northern neighbors as having insufficient fiscal discipline — with vast patience. He makes the point that immense structural change has occurred in Italy and that the deficit has drastically improved since 1991-92.

The country still needs extensive reform of its pension and fiscal systems, and much greater flexibility in re-channeling its resources, Mr. Nouera says, but all these things would be accelerated by participation from the outset in the euro.

"The delicate part," he said, "is that our poor track record has created many layers of skepticism. Credibility builds over decades. Our institutional framework is unstable. We're in a difficult transition that is not resolved. This poor track record justifies the attitude of the German electorate and the constraints that places on the German politicians. The politicians have to do something to assure the electorate. Leave out somebody, that's a way. If they have to leave somebody out, chances are it's Italy."

The current evidence on whether Italy will become part of the euro in 1999 appears divided. In its favor are clear signs from France that it wants Italy to be part of the initial common currency group, so that, to the extent possible, it will not turn into the euromark. The Socialist Party, gaining ground as the French parliamentary elections approach, has indicated it wants Italy as a charter member, and an associate of President Jacques Chirac has said privately that if the Italians are close to the target figures in April 1998, then there would be "no problem."

A difficulty the Italians may be facing as a result of slower than expected growth is diminished tax revenue, although this may be offset somewhat by remarkably low inflation figures.

But the biggest issue remains the German attitude. In a strategy paper issued this month, Merrill Lynch reported that the German government and the Bundesbank continue to seek to exclude Italy from the 1999 group, with Italian participation in the euro described as being so unpopular in Germany that if announced in April 1998, it could cost Mr. Kohl the election six months later.

The investment bank said it believed nonetheless that the most likely outcome would involve Germany's reporting a deficit in the range of 3.1 percent to 3.5 percent of GDP, allowing Italy, with a similar performance, to become part of the monetary union. Other scenarios would grant Italy entry a year after the start of the currency, or postpone a final decision on its participation six months from April 1998 until November 1998, after the German elections, and presumably, arguments about Italian unreliability, and headlines about monetary racism.

"When the likelihood of getting into the EMU was very low, the central bankers didn't worry very much about any of this," said Domenico Siniscalco, a professor of economics at the University of Turin. "The phobia is recent. Why are we worked up about this? Italy interpreted Maastricht as essentially an occasion for reform. The EMU is secondary in the same sense that the purpose of a unified Europe is to dilute the German role in Europe. We're desperate about making the first wave, keeping on track, because otherwise we head straight back into the 1970s. But fact is, and not for racial reasons, I won't deny the EMU becomes much more risky if we're in."

QUAKE: *Stunned Iran Region Digs Out*

Continued from Page 1

and report on how much aid was needed to cope with the aftermath of the earthquake. A UN spokesman in Tehran said the official was expected to report on Monday to headquarters in New York. His assessment could trigger a flow of aid in response to Iran's appeal for international aid.

The quake, which registered 7.1 on the Richter scale, was Iran's most severe one since 1990, when about 35,000 died.

A makeshift clinic, including an operating theater set up in a sports hall in Qaen, was filled with survivors, some on drip feeds. Equipment for three field hospitals was sent to the area, where about 10,000 houses were estimated to have been destroyed.

The Interior Ministry said Iran was "ready to receive assistance from those countries that would like to assist the earthquake victims." Tehran radio said 2,000 workers were taking part in the relief work. *(Reuters, AP, AFP)*

Rightist Is Headed For Milan Victory

Compiled by Our Staff From Dispatches

ROME — The rightist industrialist Gabriele Albertini was elected mayor of Milan, Italy's economic capital, on Sunday in the key race in partial municipal elections, according to exit polls given by Italian television.

The secessionist Northern League's incumbent mayor was voted out in the first round of municipal elections the previous week.

More than 5 million Italians were voting in the elections taking place in 77 districts.

The key contests are in the northern industrial cities of Milan, Turin, and Trieste where candidates of the governing Olive Tree coalition and the opposition Freedom Alliance are squaring off.

The local elections are being closely watched as a gauge of the strength of the governing center-left coalition as it prepares for the battle over reforming Italy's costly welfare state. According to most analysts, Olive's candidates need swing voters from the hard-line Refounded Communist Party to win. *(AFP, AP)*

BRIEFLY

U.S. Warns Tehran On Strategic Strait

MANAMA, Bahrain — The United States would take immediate action to defend the Strait of Hormuz against any Iranian threat to close the strategic waterway, a U.S. military commander said.

"We will take immediate action in terms of the defense of the strait," the commander in chief of the U.S. Central Command, General Binford Peay, said in Bahrain, headquarters of the U.S. 5th Fleet.

His remarks were released by the U.S. Embassy on Sunday, as Iranian air and naval forces began six days of exercises in the Gulf. *(Reuters)*

Arafat's Guards Accused in Death

JERUSALEM — Israel accused Yasser Arafat's personal guard on Sunday of killing an East Jerusalem Arab suspected of selling Arab land to Jews.

A land dealer, Farid Bashiti, 70, was killed Thursday in the Palestinian-controlled city of Ramallah. His body was found with his skull crushed, hands tied behind his back and mouth sealed with plastic tape.

"There is no doubt at all that Force 17 killed him," a senior Israeli official said, speaking on condition of anonymity. The Palestinian Authority denied involvement in Mr. Bashiti's death. *(AP)*

Thanks From Japan

LIMA — Prime Minister Ryutaro Hashimoto of Japan headed home after a one-day trip to Peru to thank President Alberto Fujimori for an "admirable" hostage rescue that ended a rebel siege at his ambassador's home.

Mr. Hashimoto decorated troops who took part in the April 22 rescue raid and left flowers on the graves of the three Peruvian officials who died in the assault. He also meet with injured hostages. *(Reuters)*

RECRUITMEN
MADAGASCAR
Conservation International seeks
Chief Technical Advisor. Antsanitsa
is a community-based protected
Madagascar's northeastern dry forest
plateau above the country's second
represents one of the most important
situation of the rare lights. It is also
for the conservation of biodiversity in
Responsibilities for the Chief Techn
Work in partnership with the Nat
project management including fin
performance.
Oversight of site development, conser
programs.
Supervise and work with the National Di
director.
Participation in recruitment of
personnel.
Supervise the preparation of
reports, and project monitoring and
Qualified candidates should have:
Conservation Inter
1919 M Street, NW
Washington DC
FAX: (202) 887-0193
NO PHONE CALLS
FINANCIAL
Executive Assistant
General Positions Wanted
SALES - ADVERTISING
General Positions Wanted
GENERAL
Announcements
Attention visitors from the U.S!
If you enjoy reading the
when you travel, why no
also get it at home?
Same-day delivery, available
in key U.S. cities.
Call (1) 800 852 2884
(in New York, call 212 752 3890)
Herald Tribune
OUR NEXT SPECIAL REPORT
REAL ESTATE
IN & AROUND PARIS
(Sales and Rentals)
will be supplement of
Friday, 16th May
For more details please contact:
INTERNATIONAL HERALD TRIBUNE
PARIS Tel: +33 (0)1 41 43 93 65
or Fax: +33 (0)1 41 43 92 72
E-mail: classified@iht.com
Auctions
Business O
Auto Rent
Legal Ser
Secretari

THE INTERMARKET

☎ +44 171 420 0348

RECRUITMENT

MADAGASCAR CONSERVATION ADVISOR

Conservation International seeks candidates for the position of Chief Technical Advisor, Ankarafantsika project. Ankarafantsika is a community-based protected area conservation project in Madagascar's northwestern dry forest. The reserve, located on a plateau above the country's second largest rice production zone, represents one of the most important factors against erosion and siltation of the rice fields. It is also one of the key protected areas for the conservation of biodiversity in the western region

Responsibilities for the Chief Technical Advisor include:

- Work in partnership with the National Director on all aspects of project management including finance, personnel, and project performance.
- Oversight of development, conservation, and erosion control programs
- Supervision with the National Director of *project component* directors
- Participation in recruitment of national and international personnel
- Supervision of preparation of work plans, annual project reports, and *project monitoring and finance* reports.

Qualified candidates should have:

- 5-10 years experience in community-based natural resources project management preferably in Africa or Asia
- English and French at the FS4 level
- An advanced university degree in a related field
- The ability to work, contribute, and supervise in a team environment

Position offers competitive salary commensurate with experience.
Closing Date: May 31, 1997
To be considered, mail, e-mail or fax detailed resume, references and salary history to:

Conservation International
Attention: Ms. Fanja Andriamialisoa
2501 M Street, NW Suite 200
Washington DC, 20037
E-mail: f.andriamialisoa@conservation.org
Fax: (202) 887-0192
NO PHONE CALLS PLEASE

FINANCIAL OFFICER

A well established U.S. based firm has an immediate opening for a top level Financial Officer for its Spanish business unit.

Ideal candidate will be experienced in all aspects of financial control including reporting, compliance, and financial analysis. Experience with a U.S. company a plus. A strong operational background is essential as the successful candidate must be capable of assuming the General Manager position of this $25 million light hard goods manufacturing company.

Candidates must have the appropriate educational background along with the ability to demonstrate extensive, and successful financial management experience with a U.S. or Spanish manufacturing company. Fluency in Spanish and English a must.

We offer an extensive wage and benefit package along with the opportunity for professional growth and development.

If qualified, send resume with salary history and requirements to:
Box D-439 - International Herald Tribune
850 Third Ave., 10th Fl., New York, NY 10022, USA

Commitment

... high professional standards, and a strong client-service orientation are the reasons for KPMG's success. We and our partner firms in 147 countries constitute one of the world's leading global auditing and consulting organisations. Our clients include all types of business associations ranging from large multinationals to small and medium sized enterprises across the industry spectrum. As of July 1, 1997, we are seeking to recruit a

U.S. Tax Manager

for our office in Frankfurt, Germany. The position involves the review of U.S. tax returns and consulting primarily for U.S. citizens and non-resident aliens investing in the U.S., but also for partnerships and corporations. Applicants should be computer literate, have an accounting background, *preferably with a degree in accounting or a comparable business degree*, and have experience in the field of international taxation. German language skills are preferred, but not required. Please apply to Mrs. Dagmar Gessner Gaspar at the address and telephone number shown below.

We are looking forward to introducing ourselves to you.

KPMG
KPMG Germany
Marie-Curie-Strasse 30
D-60439 Frankfurt am Main
Telephone 0049 (69) 95 87-22 50

A COMMUNICATION MANAGER

M/W

Division of the international group Carrier Corporation, Carrier Transicold, with sales exceeding 200 million $, is specialised in transport refrigeration. In order to assure our grouth in Europe, Africa and the Middle East we are seeking :

Based in Cergy Pontoise, and reporting to the Marketing Manager, your assignment will encompass the following responsibilities :

- you will be in charge of developing press relations throughout our sales area so as to assure the quality and quantity of our press coverage, you will also be responsible for the writing of press releases,
- you will be the leader of our multilingual Company Marketing Newsletter (writing, production and distribution),
- you will support our network in the creation and organization of Public Relation events and of trade shows, you will define and coordinate the European market seminars,
- you will cary out direct marketing operations,
- you will coordinate Product launches,
- you will work closely with several of our advertising agencies to define advertising campaingns.

Superior education in communication, you have acquired a minimum of 3 to 5 years in Industrial products Business to Business Communication. You speak and write English and French. A fluency in German is a plus. You have good computer skills (Word, Excel, PowerPoint). You are ambitious, dynamic and creative. Your good interpersonal skills will allow you to foster good relationship with your clients.

Carrier TRANSICOLD

You wish to join our company, transmit your resume to : Véronique Durand, Carrier Transicold, Imm. Grand Axe, 10/12 Bd de l'Oise, 95000 Cergy Pontoise, France.

MEDIAPA

POSITIONS WANTED

Highly motivated, 33 year male consultant, MBA, PhD, experience *in management (reingeneering) and* offshore/trust consultancy, private banking, client relationships in Eastern Europe, Asia, Latin America, language German, English, Spanish, French, basic Russian, looking for new challenging assignment to develop business further.
Please contact:
Fax: +49-69-97 12 30 20 or Box 269, IHT, Friedrichstr. 15, D-60323 Frankfurt, Germany.

EDUCATIONAL POSITIONS AVAILABLE

THE AMERICAN UNIVERSITY OF PARIS

seeks a

BURSAR/ ACCOUNTS RECEIVABLE SUPERVISOR

Bachelor's degree, perfect written and spoken English, a minimum of 3 years experience in management with a strong sense of figures.
Strong people skills a must as position requires student contact and follow up.
Maintenance of student accounts (billing and payments).
Excellent oral and written communication ability, E-mail. Minimum spoken French and working papers required.

Send CV, hand written letter and required salary to:
The American University of Paris,
Mme Gegnieur,
102 rue Saint-Dominique, 75007 Paris.
Under ref.: IHT

Unisource Carrier Services AG is the first truly Pan-European Network provider with global reach, selling telecoms services to other operators and telecoms service providers.

Within our Legal Department we are looking for a qualified

unisource carrier services

Legal Counsel

Your main activities will include:

- Drafting, negotiating, legal screening and implementation of UCS's contracts and related documents
- Advise the management of UCS on legal and regulatory issues relating to the development of its business, and in particular explore pro-active legal ways to develop the activities of the company
- Develop and implement the appropriate legal frameworks and structures required by UCS's business (e.g. licenses and subsidiaries)
- Replacement of General Counsel in Management Board - and Board of Directors meetings

The successful candidate for this position should preferably have:

- Knowledge at the level of a University degree in law
- Knowledge and experience (approx. 3 years practice) with international regulations (especially the EU regulations) and national telecommunications laws
- Fluency in English, command of other languages is an advantage

If you are looking for a challenging opportunity in an international dynamic company - which offers an excellent compensation package - please send your curriculum vitae by 26th May 1997 to Mr André Regamey, Human Resources. For information about the job call Mr van Ophem, General Counsel (☎ +41 1839 3208) or Mrs Ancarani, Legal Secretary (☎ +41 1839 3248) or e-mail to: personnel@ucs.unisource.ch

Unisource Carrier Services AG, Human Resources, Industriestrasse 21, CH-8304 Wallisellen/Switzerland

Executives Available

EXECUTIVE WITH EXTENSIVE managerial experience in industry and commerce, *international finance and marketing*. Fluent in English, Romanian and Hebrew. Seeks suitable position. Tel. 972 9 7673866.

General Positions Available

BOND SALESMAN
South-East Asian based retail brokerage requires fixed income broker to service high net worth individual client base. Minimum 2 years experience in fixed income products required, ideally to an established private client base. The successful candidate must be an entrepreneurial, aggressive salesman capable of marketing a variety of asset classes and willing to work in a high pressure selling environment. Exceptional compensation package negotiable based on experience.
Fax resume to
Ms. S. Rojas on (632) 813-6839

SALES - ADVERTISING
International Trade Publication seeks experienced Sales Executive. Position requires strong organizational, follow-up, presentation skills. Must be able to work independently. Accounts based in Asia, Europe, USA; must be able to travel. Resume, compensation requirements to:
Publisher
1123 Broadway
Suite 1015
New York, NY 10010 USA

General Positions Wanted

A hard working female MBA, 32, London based. I.T., direct marketing experience in financial services. Seeks a suitable position-will travel. 44(0)956 142050

Find A Job, Fast!

http://www.washingtonpost.com

The Washington Post Career post

SWISS GENTLEMAN, 45, free to travel, multilingual, loyal, discreet, professional in tourism, PA to VIP, PS to businessmen, seeks challenging position as PA/PR/PS or in HOTEL/TOURIST TRADE worldwide. Excellent references. Please send fax to Zunch-Switzerland Fax no. 0041-1-291 63 41.

SCOTTISH LADY 47 YEARS OLD, free to travel the world as Girl Friday, fluent in Italian, available now. Telephone: Positano, Italy, A. Hashtrudi on 089 811 472

FRENCH CAPTAIN with 20 years of experience, seeks work. Fully licenced, 42 years old. Contact: RIMS Tel France +33(0)493450033 / +33 0609872761

WOMAN, 25, French-English-Italian, seeks job in Brussels in commercial projects with travel. +32.75.61.50.02

ENGLISH MOTHER TONGUE secretary with computer skills (Word, Excel). Experience in customer service. For permanent position with a French company (affiliated to an United States group), located in Paris (8th). Tel: Mr Laurent or Mr Monin +33 (0)1 43 59 56 80

MINERVE SEEKS for AMERICAN FIRMS in PARIS
English mother tongue secretaries, Knowledge of French required.
422 Rue Saint Honore
75008 Paris, France
Tel: (0) 1 42 61 76 76

Secretarial Positions Available

NORTH AMERICAN STOCK BROKER firm seeks junior bilingual secretary / assistant for Paris office. English mother tongue. Work papers required Tel: +33 (0)1 49 27 08 08.

Secretaries Available

EXPERIENCED SECRETARY, Canadian mother tongues English/French seeks part-time job in Paris. Reply to: Box 0283, I.H.T., 92521 Neuilly Cdx, France.

PERSONAL assistant/secretary, highest qualifications, seeks position. Tel Paris +33 (0)1 46376854. Fax (0)1 47392524.

Educational Positions Available

ENGLISH TEACHERS
Experienced
for Business People.
Dynamic, Friendly Team.
Innovative Teaching Methods
Paris-Suburbs. Working Papers.
Comptoir des Langues (01) 45 61 53 56

BILINGUAL EXPERTS needed, educated & experienced in financial markets for part/full-time, salaried/freelance positions as translators or editors. Fax full resume/salary requirements to TECTRAD +33 (0)144929310. Tel +33 (0)144929311

GENERAL

Announcements

Attention visitors from the U.S!

If you enjoy reading the IHT when you travel, why not also get it at home?
Same-day delivery available in key U.S. cities

Call (1) 800 882 2884
(In New York call 212 752 3890)
Herald Tribune
THE WORLD'S DAILY NEWSPAPER

OUR NEXT SPECIAL HEADING:
REAL ESTATE
IN & AROUND PARIS
(Sales and Rentals)
will be appearing on
Friday, 16th May.
For more details please contact:
INTERNATIONAL HERALD TRIBUNE
PARIS Tel: +33 (0)1 41 43 93 85
or Fax: +33 (0)1 41 43 93 70
E-mail: classified@iht.com

Auto Rentals

RENT AUTO DERGI FRANCE WEEKEND: FF500. 7 DAYS: FF1500. TEL: PARIS +33 (0)1 43 66 55 55.

Legal Services

DIVORCE 1-DAY CERTIFIED
Call or Fax (714) 968-8695. Write: 16787 Beach Blvd. #137, Huntington Beach, CA 92648 U.S.A. e-mail - wsiorm@juno.com

DIVORCE IN 1 DAY No travel. Write: Box 377, Sudbury, MA 01776 USA. Tel: 508443-8387. Fax: 508443-0183.

Auctions

Original Historical Document Auction. View our fully illustrated 96-page catalog of 545 unusual signed historical documents on the Internet http://www.galleryofhistory.com

Business Opportunities

COMPLETE BAGEL MACHINE, unique Tompson USA made. *Brand new*, immediate delivery + know how. Good price. Call +32.75.488.888, +1.310.470.2541

HONG KONG CO. $620. Annual cost $950. SR Ltd. 701, 35 Queens's Rd. C. HK. Tel: 852-2525-0275 Fax 2840-0217

OFFSHORE COMPANIES. For free brochure or advice Tel: London 44 181 741 1224 Fax: 44 181 748 6558/6338 www.appleton.co.uk

OFFSHORE BANKS
COMPANIES & TRUSTS
IMMIGRATION/PASSPORTS
Banking-Accounting-Secretarial
Vat Registration-Invoicing
Mail-Phone-Fax Services Worldwide
Aston Corporate Trustees
19 Peel Road, Douglas, Isle of Man
Tel: +44 (0) 1624 626591
Fax: +44 (0) 1624 625126
London
Tel: +44 (0) 171 233 1302
Fax: +44 (0) 171 233 1519
E Mail: aston@enterprise.net

IRISH NON-RESIDENT COMPANIES $350
Ideal tax-avoidance vehicles:
Low profile, tax free European. Suitable for trading, consultancy & other activities. For immediate service contact:
Eilish Murphy, Director, Sovereign Company Services, 56 Fitzwilliam Square, Dublin 2, Ireland.
Tel: + 353 1 6618490 Fax: 6618493

International Herald Tribune ads work

OFFSHORE COMPANIES
OCRA WORLD WIDE
* 750 READY MADE CO'S AVAILABLE
* FULL ADMIN & ACCOUNTING
* BANKING AND TRADE SERVICES
* TELEPHONE & MAIL FORWARDING
* CHINA BUSINESS SERVICES
Please contact Bart Dekker, MD
OCRA ASIA LIMITED
24-02 Bank of America Tower
12 Harcourt Road, Central, Hong Kong
Tel: 852 25220172 Fax: 852 25215399
E-mail: OCRA@OCRA.COM.HK
Web pages: WWW.OCRA.COM

Serviced Offices

YOUR OFFICE IN PARIS
is ready when you need it, even for a couple of hours.
* Fully functional modern offices and conference rooms to rent by the hour, day, month etc....
* Your tactical or permanent base
* Prestige mailing address. All services
B B E
91, Fg St-Honore 75008 Paris
Tel+33 (0)144713636. Fax (0)1 42661560

THE INTERMARKET Continues on Page 9

EDUCATION

U.S.A.

★ MUSIC ★
ART ★ HISTORY ★ TRAVEL
Perform in and Explore Historic Cities of Central Europe
July 14 to Aug. 16
$2,640 facilities, meals, classes.
Instruments, singers, composers, conductors. Early Music, Jazz, Art History students, and travelers of all ages.
International faculty of performer-teachers.
Special air package from U.S. to Vienna
Summer Arts Sessions International
800-585-7487 954-723-0026
9360 NW 18th Drive. Fort Lauderdale FL 33322
Svoradova 13, 811,03 Bratislava, Slovak Republic
tubamfb@aol.com www.gsni.com/luvmusic

Intensive English for the Professional
Give Yourself a Competitive Advantage
- Individual and group instruction tailored to your needs
- Begin when you want — study as long as necessary to reach your goals
- Your choice of 25 locations in major USA cities
- Group contract training — at your site or ours

For additional information contact:
ELS Language Centers
We Teach English to the World
© 1997 ELS Educational Services, Inc.
5761 Buckingham Parkway, Suite 31, Culver City, California 90230-6593 USA
Tel: (310) 342-4100 • Fax: (310) 342-4104 • E-mail: info@els.com

FRANCE

SUMMER PARIS 97



- Two 5-week Sessions
- More than 75 quality education courses
- French Immersion 3-week Program
- Pont-Aven Art Program
- Continuing Education Adult Programs

For information:
The American University of Paris
Summer Programs, Box S-2
31, avenue Bosquet
75343 Paris Cedex 07, France
Tel. (33/1) 40 62 06 00
Fax (33/1) 47 05 33 49

Web site - http://www.aup.fr
Email - Summer@aup.fr

Accredited by the Middle States Association

GREAT BRITAIN

Trinity College, Dublin, Ireland
Centre for Women's Studies

TRINITY'S WOMEN'S STUDIES SUMMER SCHOOL
28 JULY - 1 AUGUST 1997

Theme: The Power of Women
Topics *Health*
Work
Politics
Personal Relationships

M.PHIL IN WOMEN'S STUDIES
ONE YEAR INTERDISCIPLINARY TAUGHT PROGRAMME



Good Honours Degree Required
The 1997 course will commence in October.

Additional Information:
Centre for Women's Studies
Trinity College, Dublin 2, Ireland
Tel: 353-1-608 2225
Fax: 353-1-608-3997
Email: mviulis@tcd.ie

MALTA

MEDITERRANEAN RELATION AND DIPLOMACY
MEDITERRANEAN ACADEMY OF DIPLOMATIC STUDIES
UNIVERSITY OF MALTA
M.A. in Diplomatic Studies
This one-year pluridisciplinary course is designed for graduate students with an interest in Euro-Mediterranean issues and commences in October 1997. Candidates must be holders of a first university degree with at least a second class honours or its equivalent. English language proficiency is required.
Deadline for enrolment: 30 June 1997.
Enquiries: Director, Mediterranean Academy of Diplomatic Studies, University of Malta, Malta MSD 06.
Fax: (356) 483081/336450
Tel: (356) 483090.
E-mail: acadlamy@diplomacy.edu
http://www.diplomacy.edu

Intensive and semi-intensive
FRENCH COURSES
General and Business Courses
For Adults
Mini Group and Private Lessons
FRENCH RIVIERA
Cannes
Institut Français Riéra
9, Rue Jean de Riouffe
F-06400 CANNES
Tel: 334 / 92 99 26 63
Fax: 334 / 92 99 26 57

SWITZERLAND

Ecole Lémania Lausanne

INTENSIVE FRENCH AND / OR ENGLISH SUMMER COURSES
- July to October - (min. 3 weeks)
- Optional courses: German, cultural activities, sports, etc.
- Minimum age: 15 years old
- Possible accomodations at our boarding school, pensions or with families, etc.

Ecole Lémania - 3, ch. de Préville - CH 1003 Lausanne
Tel. ... 41/21 320 15 01 - Fax ... 41/21 312 67 00

BRIEFS

U.S. Warns Tehran On Strategic Strait

MANAMA, United States ... action to defend ... quiz against ... close the ... military ...
"We will ... in terms of ... strait," ... the U.S. Central ... Binford Pe... headquarters ... His remarks ... U.S. Embassy ... air and naval ... of exercises ...

Arafat's Guards Accused in Death

JERUSALEM ... Yasser Arafat's ... Sunday of killing ... Arab suspected of ... to Jews.
A land dealer ... was killed Thurs... town-controlled ... His body was found ... crushed, hands tied ... and mouth sealed with ...
"There is no doubt ... Force 17 killed him ... such official said. ... tion of investigation ... an Authority ... in Mr. Bashir's death.

Thanks From Japan!

LIMA — ... Hashimoto ... home after a one-day ... thank President Alberto Fujimori for an "admirable ... that ended a rebel ... hostage's home.
Mr. Hashimoto ... helps took part in the ... raid and left hours ... the three Peruvian officials who ... died in the assault. He also met ... with injured hostages.

Nukes: Russia Reserves Right To Strike First

By D... Hoffman

MOSCOW ... has approved ... Russia that ... nuclear weapons ... ing to a senior ... "We are not ... strike in order ... is Berezovsky ... curity Council ... "But if we are ... left with no other ... nuclear ... similar to ... Rybkin, the S... said the Kremlin ... pledge by the ... Mikhail Gorbachev ... tion would ... weapons in ...
The Russian ... officials in ... State Department ... Burns, said ... no first use ... ment should ... ing the role of ... levels of ...
Despite ... ers, the ... United States ... adopt a ... nuclear ... remains ... Kremlin ... would ... The ... Russia ... whether ... alliance ... Russian ... manage ... the July ...

alliance. NATO ... 20.
Western ... limit is simply ... mean no ... Poland ... military ... about ...
The ... cow's efforts ... military ... bases, radars ... used to ... might be ... crisis. NATO ... small number ... of new ... to reinforce ...

EDITORIALS/OPINION

Herald INTERNATIONAL Tribune
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Helping Hong Kong

The coming transfer of Hong Kong from Britain to China is a case study in the limits of American power. Customary levers of diplomacy and military pressure are ill suited to defending Hong Hong's freedoms, and the most severe economic penalty — revoking all Chinese trade privileges — seems mismatched to the problems ahead. A mix of strong presidential pressure, quiet diplomacy and carefully targeted trade sanctions imposed jointly with other countries offers the best hope of influencing Chinese conduct.

Hong Kong is an intricate and inherited problem. Britain has long encouraged free markets, an unfettered press and rule of law in Hong Kong, but only in recent years has it permitted steps toward democratic governance, including a freely elected legislature. This, to some extent, was a cynical move by Britain to cover its exit with glory after 150 years of often rigid colonial rule.

Unfortunately, the political climate in China today is more repressive than in 1984, when terms were set for the return of Hong Kong this July 1, and London's agreements with Beijing offer little real protection for Hong Kong's 6.5 million citizens. To prevent a relatively free society from being crushed, Washington has to take the lead in defending democracy.

The Hong Kong transfer is part of the larger issue of China's emergence as a great power, perhaps the most difficult international challenge of the day. China is neither America's ally nor its enemy, and a Cold War policy of confrontation and containment does not fit. But with 1.2 billion people, one of the world's fastest growing economies and ambitions to be a military power, China will one day be America's rival. As long as it remains a Communist state with no political liberty, it will never enjoy an easy relationship with the United States.

Hong Kong is soon to be the prime testing ground of Chinese tolerance and intentions. But the political and economic complexities of Hong Kong make it a hard place to get unambiguous results. Many of Hong Kong's successful businessmen seem quite content to see democracy attenuated as long as China does not threaten their freewheeling financial markets. Local media, especially the Chinese-language press, have already muted criticism of China without being asked. Transition to a Singapore-style autocracy may come slowly and subtly.

The United States and other democratic nations must be unequivocal in telling China that the destruction of Hong Kong liberties and the rule of law will gravely damage China's standing in the world. President Bill Clinton has been strangely hesitant to speak plainly on this point.

Washington should let Beijing know that Chinese tyranny in Hong Kong will result in the suspension of developing exchanges between the Pentagon and the Chinese military. Secretary of State Madeleine Albright can quietly suggest that a planned exchange of presidential visits will be jeopardized if Hong Kong is trampled.

The elimination of trade privileges for China, due for a congressional vote in June, is an extreme approach. It would severely damage Hong Kong and punish low-income Americans who buy inexpensive consumer goods made in China. Some American companies like Boeing that do business in China would also be hurt. But as useful leverage the threat of such across-the-board tariff increases should not be discarded, and Newt Gingrich's proposal to revisit the issue every six months may not be a bad idea.

More selective trade sanctions would be appropriate, especially if other industrialized nations cooperate. China can find alternative markets for many goods if American tariffs are increased, but a common effort with Europe and Japan would have serious consequences for Chinese trade.

American silence or neglect on Hong Kong would be unconscionable. But as the countdown to China's takeover proceeds, Washington will have to be not only determined but creative in its defense of Hong Kong's freedoms.

— THE NEW YORK TIMES.

Immigration Puzzle

President Bill Clinton got hit hard with the migration issue in Central America. For the poor countries there and in the Caribbean, as for Mexico, emigration "to the other side" has been a vital social safety valve and an opportunity for personal fulfillment. These pressures have made the anticipation and control and in some instances the reversal of Latin emigration a prime U.S. foreign policy goal. To do all of this with minimal negative effect on other aspects of American relations with the region is one of diplomacy's never-ending tasks.

In Costa Rica, Central America's leaders appealed to Mr. Clinton to legalize, or bestow amnesty on, the hundreds of thousands of their citizens who fled the region in the local wars of the '80s and were granted temporary sanctuary in the United States. The wars are now over and their enforced return would doubtless mean hardship for their countries, communities and families. But these people are excluded by American law, and no early change is in the cards. That left Mr. Clinton to promise humane case-by-case administration of the law, which many Latins approve of even though they know that it is not the same as being allowed to stay.

The new American immigration law that came into effect on April 1 reflected a widely remarked souring of American attitudes toward illegal foreign entry. In Central America, Mr. Clinton said he would ask Congress to alter the law to let him exempt a greater number of illegals from deportation, depending on the circumstances of a particular case. He also said he wanted to soften a provision requiring illegals awaiting legalization to wait in their home countries.

These things are worth doing to soften the hard edges of the law. But the law must be respected. America must stop illegal immigration, Mr. Clinton fairly said, if only to maintain popular support for legal immigration.

No other country faces the sort of immigration pressures that confront the United States. The forced geographical encounter of a developed country and a less developed region — across, over and around the essentially unsealable 2,000-mile (3,200-kilometer) land border between the United States and Mexico — has no real parallel anywhere in the world. That does not mean that Americans must surrender control of their borders. But it does impose a set of policy mandates. One is to facilitate development and trade in order to keep would-be immigrants at home. Another is to be as open to legal immigrants as American society permits. A third is to administer immigration with full respect for national and individual Latin sensibilities.

— THE WASHINGTON POST

Other Comment

Lots of Work for Cybercops

[Detective Keith] Lowry treats computers as carefully as corpses at a murder scene. That is because criminals often booby-trap their PCs so that a simple action, such as double-clicking the mouse, could send a command to delete data at the rate of 30 megabytes per second. Another ploy is to rig the door frame with metal strips that could (theoretically, at least) demagnetize the hard drive with a simple flick of the light switch. The idea is that if anyone tries to carry out the computer, the magnetic field thus created scrambles the contents of the hard drive.

In the parlance of police work, the fortyish Lowry is a "cybercop." One of only a few hundred in America, he is fighting a worldwide technology crime wave that has been nowhere more intense than in Silicon Valley, the area around San Jose, where there are more than 5,000 computer-related companies. The area loses an estimated $1 million worth of components a week to theft. The total cost of technology-related crime, which can include everything from stolen laptops to data illegally obtained over the Internet, is high. Software piracy and component theft are estimated to cost more than $24 billion per year worldwide.

— Mark Stuart Gill, writing in the May issue of Smithsonian magazine.

Herald INTERNATIONAL Tribune
ESTABLISHED 1887
KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER
Co-Chairmen
KATHARINE P. DARROW, Vice Chairman
RICHARD McCLEAN, Publisher & Chief Executive
MICHAEL GETLER, Executive Editor
• WALTER WELLS, Managing Editor • PAUL HORVITZ, Deputy Managing Editor
• KATHERINE KNORR and CHARLES MITCHELMORE, Deputy Editors • SAMUEL ABT and CARL GEWIRTZ, Associate Editors • ROBERT J. DONAHUE, Editor of the Editorial Pages
• JONATHAN GAGE, Business and Finance Editor
• RENÉ BONDY, Deputy Publisher
• JAMES McLEOD, Advertising Director • DIDIER BRUN, Circulation Director.
Directeur de la Publication: Richard McClean

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
Tel.: (1) 41.43.93.00. Fax: Circ., (1) 41.43.92.10; Adv., (1) 41.43.92.12.
Internet address: http://www.iht.com E-Mail: iht@iht.com
Editor for Asia: Michael Richardson, 5 Canterbury Rd., Singapore 0511 Tel. (65) 472-7768 Fax (65) 274-2334
Mng. Dir. Asia, Rolf D. Kronepuhl, 50 Gloucester Rd., Hong Kong. Tel. 852-2922-1188 Fax. 852-2922-1190
Gen. Mgr. Germany: T. Schlüter, Frederichstr. 15, 60323 Frankfurt M Tel. +49 69/971250-0 Fax. +49 69/971250-29
Pres. U.S.: Michael Conroy, 850 Third Ave., New York, N.Y. 10022. Tel. (212) 752-3890 Fax: (212) 755-8785
U.K. Advertising Office: 63 Long Acre, London WC2. Tel. (171) 836-4802. Fax: (171) 240-2254
S.A.S. au capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337
©1997, International Herald Tribune. All rights reserved ISSN 0294-8052

Don't Rule Out a Compromise on Jerusalem

By Stephen S. Rosenfeld

WASHINGTON — A ray of good sense beams from Israel at what otherwise is a dark moment in the quest for peace. It lies in the changing context of the Jerusalem issue.

Not that there is no bad news about Jerusalem; there almost always is. The most recent came in Washington Post correspondent Bart Gellman's report that the Israeli authorities — first Labor and now, more intensively, Likud — are quietly finding bureaucratic ways to deny long-resident Arabs their right to live in Israeli-annexed East Jerusalem. The process, the flip side of an Israeli policy of expanding Jewish settlement in the West Bank, has blighted thousands of Palestinians' lives.

Israelis justify the revoking of East Jerusalemites' residence permits as a response in kind to a calculated Palestinian effort to build up the Arab population for political reasons.

Here the irony is rich. The Israelis fault the use of demography to serve Palestinian political purpose, but they are themselves masters of the art. When they practice it, it is called "creating facts" and defended as a moral right.

Of all the "facts" that Israel has created, none is at once more prized but also more provocative than the dominant position Israel has carved out since the 1967 war allowed it to take Arab East Jerusalem, annex it to Jewish West Jerusalem, greatly expand its boundaries and settle it thickly, too.

The Israeli government now treats the city as its exclusive, eternal, indivisible and nonnegotiable capital, and denies Palestinian territorial and national claims to any part of it.

Except that not all Israelis so regard it. Jerusalem is an issue in contention and perhaps in transition.

The views of the doubters and their arguments are usefully mustered by Ze'ev Chafets — a former Begin aide who, like many Israelis, has come a long way in his thinking — in the weekly Jerusalem Report of May 1.

While the issue was theoretical, Mr. Chafets says, Labor could easily support Likud's unyielding position. But with the city's future now on the table, Labor's leaders and rank and file are thinking the unthinkable: that Israel must eventually give up part of Jerusalem for peace, and that compromise would not spell disaster.

He examines the four arguments that since the 1967 war have made up "the Jerusalem consensus," now fraying.

Religion. Jerusalem remains the holiest city of Judaism. But by dividing another scarcely less precious city, Hebron, Prime Minister Benjamin Netanyahu set a precedent of splitting sovereignty from prayer.

History. As for Israel's claim to the whole land of historic Israel, Mr. Netanyahu set a similar precedent in yielding up parts of the West Bank, demoting this claim "from a deed to a poem."

Strategy. Now that even Likud speaks openly of a Palestinian "entity" in the West Bank, the notion that a Jewish Jerusalem will prevent a Palestinian state is laughable.

Patriotism. As the city becomes increasingly ultra-Orthodox and anti-Zionist, to many it has also become strange, inhospitable, shorn of its symbolic magic.

Concludes Mr. Chafets: "As Bibi Netanyahu gets ready to take on the world over the fate of Jerusalem, he often speaks of the wall-to-wall support he enjoys. If he compromises, offers the Palestinians a capital of their own on land that can reasonably be called Al Quds while insisting on our right to the parts of the city where Israelis live, Netanyahu will have that support.

"If not — if he tries to rally the public with religious slogans, scare tactics and appeals to patriotism — he is in for a nasty surprise. After all, the Jerusalem most Israelis care about, West Jerusalem, is already ours."

Anyone who has been around the heavily laden, multiple-layered Jerusalem issue will know that there will be many sincere objections to Mr. Chafets's pragmatic approach, which seems to me sensible, fair-minded and respectful of the complexities.

But I would like to see a fraction of the political, intellectual and spiritual energy that routinely goes into the enunciating of clashing positions be put into a search for common ground.

Meanwhile, it would be good to see a broadening of the American debate to take into account the vigorous and diverse range of possibilities being examined by Israelis and Palestinians.

Last year, for instance, mainstream Israeli Labor and Palestinian officials agreed informally on a plan by which, The Wall Street Journal reported, Israel would annex 7 percent of the West Bank in exchange for recognizing Palestinian statehood and a Palestinian capital to be called Al Quds, located inside an expanded Jerusalem. Why declare failed and finished an issue on which joint inquiry has barely begun?

The Washington Post.

But Listen to This Palestinian Warning to Palestinians

By A. M. Rosenthal

JERUSALEM — The Israeli government announced today that Israeli Jews who sell land to Palestinians will face execution. "The death penalty will be imposed on anyone who is convicted of selling one inch to Palestinians," said the Israeli justice minister in an interview. "Even middlemen involved in such deals will face the same penalty."

Change a few words and that is a real dispatch from Jerusalem by The Associated Press. The warning of execution was made — but by the minister of justice of Yasser Arafat's Palestinian Authority, Freih Abu Medein. It was a warning to all Palestinians. It should be taken as a different warning by Israel and those who wish it well.

Imagine the worldwide denunciation had it been a warning of execution to Jews from Israel, for selling land to Palestinians. America and Europe erupt in justified fury. President Bill Clinton is bombarded by press questions and does not conceal his shock.

Imagine the meetings at the United Nations, the boycott demands of the Muslim countries, the mock horror of the budding China-Russia alliance. Christian church groups are publicly horrified, and so, too, the whole world of Jewish organizations.

And what happened after the real death warning was dispatched around the world? Why, nothing. No government, including those financially holding up the Palestinian Authority, said anything. Nothing from the American Friends Service Committee, the National Council of Churches and other church groups normally solicitous of Palestinian rights, no angry faxes flooding in from Jewish groups, except the alert Anti-Defamation League. From the United Nations: nothing.

The world refused to witness, but the death warning was probably the most important statement that the Arafat people have made since the Oslo agreement for Israeli-Palestinian peace talks in 1993.

Whether or not a peace agreement is signed, the Palestinian Authority made possible by Israel is headed toward worldwide recognition as an independent state, whatever Israel might call it. And it will be one more Mideast racist despotism on Israel's borders.

Time and again, and purposefully, the Arafat Authority has shown where it is going. It jails political critics, makes deals with terrorists, talks repeatedly in their language of incitement and jihad.

As I began writing this, I became aware of the United Nations' Geneva meeting and the New York Times article from Jerusalem on torture of Palestinians by Israeli interrogators. Torture is wrong and unacceptable, any place, any time.

Friends of Israel understand the terrorist danger in which it lives perpetually. They know that torture of Arabs by Arab governments is unspeakably worse. For these regimes, it is routine, always was. But Israel is different. Using torture demeans its most important asset next to its defense force — civilized democratic decency.

But I will not allow the coincidence of the torture reports to prevent me from calling attention to the execution policy and what it should tell us all.

Before the execution policy was announced, we knew that Mr. Arafat was creating a Palestinian despotism. What we did not know was how readily, how silently the world would accept and welcome such a Palestine.

The world, including the West, cares nothing for Arab human rights unless they are violated by Israelis. Nor does it care that every despotism on Israel's borders is by nature and intent one more security threat. Now the silence informs those who do care.

So whatever the result of negotiations, Israel will have to remain at arms until Palestinians achieve democracy, while perfecting its own. That will not be easy for Israel, but then it never has been.

The New York Times.

American 'Hegemony'? The Influence Has to Be Welcome

By William Pfaff

WINDSOR, England — In the latest in a valuable series of conferences on the sources of national vitality, the Luxembourg Institute for European and International Studies recently brought senior American and European political and economic historians together to consider the rise and fall (if any) of modern British and American "hegemonies."

The very identification of the subject as worthy of such attention confirms the new tendency in American academic and policy circles to frame discussion of America's policy choices in terms of the acceptance, rejection, safeguard or aggrandizement of American international hegemony.

The modern understanding of "hegemony" usually reflects the Italian Marxist Antonio Gramsci's contention that hegemony involves the imposition not only of the power of a dominant class or nation, but of its own way of seeing society and human relationships — of its own form of consciousness.

Thus the hegemonic global position held by the British in the 19th and 20th centuries and by America today succeeds by inducing in others the British imperial or American view of the world, convincing the subjects of hegemony of the "rightness" of their subordination.

They are influenced to see their own situation as the result not of the hegemonic nation's superior military or economic power but of its cultural or institutional superiority over them. The hegemon's power disappears when the subject states or societies start to think its influence oppressive rather than elevating or enlightening.

So the position of America today is not simply that of "the sole superpower" in military or economic terms, as George Bush would have said, but of a certain cultural domination.

A great deal is made in the United States and abroad, of the global influence of American popular entertainment and popular fashions. Disney, Hollywood and Nike in this respect are political phenomena. The fact that teenagers the world over wear American ghetto styles and reversed baseball caps, listen to rap records and eat American fast foods is seen as a cultural conquest — a conquest willed by those who submit. They *want* to do this.

We are talking here of an adolescent and entertainment "culture," which is important but by definition superficial. But American business techniques, economic theory, forms of "multicultural" social criticism, and philosophical ideas — not to speak of science and technology — are also widely accepted as currently the most modern and progressive.

American ideas on world trade and industrial organization prevail among the industrial nations and in international organizations, as well as throughout a large part of the non-Western world. Much of this influence is intellectual fashion, but it nonetheless makes a difference to those who accept it, and greatly reinforces the position of the United States. Is this enduringly important?

The influence produced by the commercial dynamism of the American entertainment industry is superficial in societies which have strong cultural structures of their own. There one can reasonably ask if it is of any greater significance than that, say, of "swinging" Britain in the 1960s, which now seems simply quaint.

In culturally weak societies, such as part of the Third World, or countries culturally devastated by communism and post-communism, the influence can be very damaging. The American-generated images of casual and pornographic violence and self-aggrandizement globally propagated by satellite television contribute to social and moral breakdown and violence in such places.

Another form of influence is positive and earned. It is true that an economist at Harvard automatically gets an international hearing that an economist in Bolivia or Bulgaria does not, but the ideas that have come out of the University of Chicago's or Harvard's economic or political philosophy departments have made their way because they are convincing. This is legitimate influence.

The question that has been raised in Washington is whether deliberately hegemonic American political, economic and military policies can or should exploit "earned" influence in order to perpetuate or extend American global power and try to make the 21st century more of an American century than the second half of the 20th century has already been.

Historically, hegemony produces its own contradiction when the hegemon loses its cultural magnetism. Its rule then becomes irksome and oppressive. When the hegemonic power loses its nerve, or sees the disaffection of its elites, its subjects combine to overthrow it, or pillage the ruins.

It is a signal that hegemony is faltering when its leadership decides that cultural radiation and national quality are no longer enough, and substitutes force.

As British history demonstrates, the successful hegemony is the one absentmindedly acquired and easily maintained. And the sun eventually sets even on that.

International Herald Tribune
© Los Angeles Times Syndicate.

Reparations for Nazis' Victims

By Stuart E. Eizenstat

The writer, undersecretary of commerce for international trade, led the U.S. government study of Allied efforts to recover gold and other assets looted by Nazi Germany.

WASHINGTON — The U.S. government report released last week on gold and other assets looted by Nazi Germany shines a harsh spotlight on the role of the neutral countries, particularly Switzerland, and on the Allies themselves. Because of indifference by the neutral nations and inaction by the United States and its allies, the horrors of the war were compounded by the injustices of the postwar period.

The countries occupied by the Nazis received only partial compensation for gold looted from their central banks. Even worse was the plight of Holocaust survivors and other victims of Nazi persecution.

The fate of individual victims varied greatly according to their ability to turn to a government for assistance.

It is the plight of the uncompensated victims, especially those who survived both Nazism and four decades of communism, that most urgently demands action.

There are some who say that the best way to move forward, especially in light of the report's revelations, is simply to renegotiate the 1946 Washington Accord, which established Switzerland's obligations to those who suffered under the Nazis. While we exclude no option, we favor a broader approach to resolve the remaining issues.

Three steps should be considered in the coming months.

First, $70 million remains in a gold pool established by the Tripartite Gold Commission, which after the war held gold looted from the central banks. Yet, as our report documents, the pool also included some gold taken from individuals.

The remaining gold is supposed to be divided among the claimant countries. But on moral grounds, and because we now know that personal gold was mixed with central bank gold, we believe a substantial portion of this remaining pool should be offered to the surviving victims of the Holocaust and Nazi persecution.

If countries were to offer this gold voluntarily, that would avoid the difficult task of renegotiating agreements from the war.

Second, other neutral countries such as Turkey, Portugal, Spain and Sweden that returned far less — in some cases virtually none — of the looted gold and assets they held might well consider following the lead of Switzerland in establishing funds for victims.

Major Swiss banks and companies, along with the Swiss National Bank, have established a fund for needy Holocaust victims and their heirs. The government has also proposed establishing an endowment, based on a portion of its gold reserve, to generate income for survivors and other humanitarian causes.

Third, we must work toward the return of communal property such as schools, churches and synagogues, in countries such as Poland, Romania and the states of the former Soviet Union. This includes income-producing property that could be used to support funds for victims.

Emphasis should be given to survivors in Central and Eastern Europe and the former Soviet Union who survived both Nazism and communism. These "double victims" have received little or no compensation from Germany, unlike those survivors who live in the West, some of whom have received monthly pensions.

The Hungarian government has begun paying lifetime compensation, $20 to $40 a month, to more than 20,000 Holocaust survivors living there. We hope other countries will follow this example.

Apart from these important financial steps, each nation involved must fully come to terms with its own past. Switzerland has established a commission to examine its entire historical relationship with Nazi Germany. Other countries, including Portugal and Sweden, have announced that they will follow suit.

The New York Times

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Greece Complies

ATHENS — It is understood that Greece having given positive assurances both in regard to the withdrawal of her troops from Crete and respecting Cretan autonomy, the Powers formally offered their good offices for mediation. The offer was accepted by the Hellenic Government. The diplomatic *pourparlers* have now been brought to a definite conclusion. Greece has formally adhered to the preliminaries of peace agreed upon between the Powers.

1922: Bonbons Seized

NEW-YORK — Billie Burke has a fifty-pound box of chocolates lying in the custom House here from a Paris confectioner, but the only chance she has of getting them is to promise they will be returned to the donor or destroyed. The attention of Customs inspectors was attracted to the package because it was labelled "Christmas gift," and they wondered why it had arrived so late. They noticed an aroma of fine brandy, and discovered that each chocolate contained a sizeable drink of contraband.

1947: Simple Spelling

LONDON — Simplified spelling, Bernard Shaw said in a manifesto, would save two months' working-time every year for persons who write the English language, and he suggested that "Pidgin" may become the international language of the future. Changing to simplified spelling is a matter of great urgency, said the playwright and philosopher. "We cannot afford to postpone it for five minutes," he wrote. Spelling a word as it sounds, would save time, energy which cannot be calculated, and speed up the processes of education.

Jerusalem

tics and appeals to patriotism — he is no
for a nasty surprise. After all, the Je-
risalem most Israelis care about. Wes
Jerusalem, is already ours."

Anyone who has been around the
heavily laden, multiple-layered Jeru-
salem issue will know that there will be
many sincere objections to Mr.
Chafets's pragmatic approach, which
seems to me sensible, fair-minded and
respectful of the complexities.

But I would like to see a fraction of
the political, intellectual and spiritual
energy that routinely goes into the
enunciating of clashing positions be
put into a search for common ground.

Meanwhile, it would be good to see a
broadening of the American debate to
take into account the vigorous and di-
verse range of possibilities being ex-
amined by Israelis and Palestinians.

Last year, for instance, mainstream
Israeli Labor and Palestinian officials
agreed informally on a plan by which
The Wall Street Journal reported, Israel
would annex 7 percent of the West
Bank in exchange for recognizing Pal-
estinian statehood and a Palestinian
capital to be called Al Quds, located
inside an expanded Jerusalem. Who
declare failed and finished an issue on
which joint inquiry has barely begun?

The Washington Post

Palestinians

going. It
makes
talks re-
gauge of

g this, I
sked Na-
and the
cle from
of Pales-
negotiators.
encourage-
ise.
derstand
which it
y know
by Arab
obably
ions, it is
for Israel
ague de-
ust assert
force —
ecurity
the co-
reports
ing at-

tention to the execution policy
and what it should tell us all.

Before the execution policy
was announced, we knew this:
Mr. Arafat was creating a Pal-
estinian despotism. What we
did not know was how readily
how silently the world would
accept and welcome such a
Palestine.

The world, including the
West, cares nothing for Arab
human rights unless they are
violated by Israelis. Nor does it
care that every despotism at
Israel's borders is by nature
and intent one more security
threat. Now the silence and
forms those who do care.

So whatever the result of
negotiations, Israel will have
to remain in arms until Pal-
estinians achieve democracy,
while performing its own ter-
will not be easy for Israelis
then, it never has been.

Be Welcome

Another form of silence,
perhaps more surreal, is
that of economists. Many
informed daily get an exag-
gerated warning that economies
in Bavaria or Bulgaria boom
but the reasons have come
of the University of Chicago
or Harvard's economic orthodoxy
have made their way here
they are now ruling. This is
gitimate influence.

The question that has be
raised in Washington's inte
deliberately hegemonic Amer
military policies can at once
exploit market influence
order to perpetuate or exte
American global power and
to make the 21st century
of an American century that
second half of the 20th cent
has already been.

Historically, hegemony pr
duces its own contradictions
when the hegemon loses its
tural imagination. Its rule be
becomes tyrannical and oppres-
ive. When the hegemonic
power loses its nerve, or see
the disaffection of its elites o
subjects combine to overthro
it, or pillage the ruins.

It is a signal that hegemony
faltering when its leadership de
cides that cultural radiance
national quality are no longe
enough, and substitutes force
As British history demon
strates, the successful hege
many is the one absor
mindedly acquired and easi
maintained. And the sun even
ually sets even on that.

© Los Angeles Times

100, 75 AND 50 YEARS AGO

ted to the package because
was labelled "Christmas gift"
and they wondered why it ha
arrived so late. They noticed a
aroma of fine brandy, and di
covered that each chocolate
contained a sizeable drink o
contraband.

1947: Simple Spelling

LONDON — Simplified
spelling, Bernard Shaw said in a
manifesto, would save two
months' work-time per child
year for persons who write the
English language, and he sug-
gested that "Pidgin" may be
come the international language
of the future. Changing to sim-
plified spelling is a matter of
great urgency, said the play-
wright and philosopher. "We
cannot afford to postpone it for
five minutes," he wrote.
Spelling a word as it sounds
would save time, energy, wha
cannot be calculated, and speed
up the processes of education

LANGUAGE

What's Warm and Fuzzy and Touchy-Feely?

By William Safire

WASHINGTON — "*Warm and fuzzy* math meets Cold Resistance" was the headline of a recent article in Insight magazine about traditionalist objections to the teaching of mathematics that skips over the basics of arithmetic.

In another context, the two words were joined again by Tom Hayden, the California politician, who spoke of "community-based economic development," admitting that the phrase sounded a little *warm and fuzzy*."

The first printed use found so far of the cuddling adjectives was in a 1979 Associated Press article about a competition among electrical engineers to make mechanical mice that "bore little resemblance to the warm, fuzzy creatures they're named for." Soon a children's book by Claude Steiner was titled "*Warm Fuzzy Tales*" and an acting company called itself the *Warm Fuzzies*, turning the second adjective into a noun.

The words are used together so often that the acting-company formulation has taken over: "Hard-bitten East coast trade negotiators," wrote a New York Times book reviewer in 1988, "will want to dismiss some of their arguments as typical California '*warm fuzzies*.'" The New York Times likes the phrase: "Even 'gambling,' the term that once conjured up green visors, cigar smoke, and gumball-size pinkie rings," wrote Gerri Hirshey in 1994, "has been buffed with *warm fuzzies*. We call it 'gaming' these days."

The *warm fuzzies* in business use are "compliments intended to reassure and motivate" and in more general use "lovable, squeezable, cuddly items or ideas." Originally a description of the feel of a child's soft and furry plaything, the phrase is now used in derision and has become a derogation of the treacly or overly empathetic.

The origin of *fuzzy* is sharp and clear: its Scottish dialectical kin, *fozy*, derives from the Dutch *voos*, "spongy, loose-textured." *Fuzzy* thinking is imprecise. *Fuzzy* writing is an abomination. Nobody knows why the police are called the *fuzz*.

□

Closely associated with the rise of the *warm fuzzies* is *security blanket*. "Perhaps the best idea I ever had," the creator of "Peanuts," Charles M. Schulz, said in 1971, "was Linus and the *security blanket*. It suddenly made *security blankets* and thumb-sucking O.K. all around the world."

Asked recently if he recalled the moment of coinage, Schulz replied: "I think it was readers who called it that. Looking back now through our early reprint books, it seems that Linus had a blanket in 1955; therefore, I assume it was because our first little boy had a blanket. His older sister had a small pillow that she carried around.

This is all I remember, and I hope it helps."

Something is touchy-feely if it values the physical and emotional above the logical and the intellectual.

□

Clutching my own small leather pillow, a sentimental item I have lugged through life from my first office about that time, I now turn to another tactile expression that is used to castigate New Age executives: *touchy-feely*.

"*Touchy-Feely* Justice" is the cover-story headline in the May 5, 1997, Forbes magazine, as its editors blast "vague do-gooder laws."

What is this tactile textuality? The best early definition was by John Algeo in the summer 1991 issue of American Speech: "association between persons based upon emotional sympathy rather than intellectual relationships, and expressed by physical contacts such as hugging."

His earliest citation is a Los Angeles Times article in April 1972 about sensitivity training: "Faculty critics deride it as '*touchy-feely*' education."

I presume it comes from the phrase, prevalent in the '60s, *to get in touch with your feelings*. Algeo, reached in Wheaton, Illinois, agreed: "It's all very Marin County. Something is *touchy-feely* if it values the physical and emotional above the logical and the intellectual. It also values 'interpersonal *relations*' — which seems to presume that there can be 'extrapersonal relations.' It values the *warm fuzzies*."

James Crotty, a slanguist who goes by the sobriquet "the Mad Monk," reported that the '80s synonym was *woo-woo*: "The phrase *touchy-feely* was first used to describe therapy sessions at Esalen, a 'retreat center' in Big Sur, California. That's where *get in touch with your feelings* was born, with *the touch referring to kinesthetic feeling* and the *feel* to affective feeling. Now the transpersonal psychology, the hot-tub encounters and the New Age movement, all are scorned with the compound adjective *touchy-feely*."

An early and frequent scorner was Meg Greenfield, a columnist for Newsweek and editor of The Washington Post's editorial page. In 1977, she used the phrase to draw a word-picture of the actions of members of the U.S. Senate during the Carter administration, "always engaged among themselves in a kind of forced, *touchy-feely* bonhomie — a back pat here, a handclasp there, a playful minishove, an earnest clutch of the other fellow's lapel."

It recently became a noun on television. In an episode of "Roseanne," the title character and her husband have had an argument. When their son-in-law soothingly says that neither one should be blamed, Roseanne's sister replies, "We don't need the *touchy-feely* right now."

New York Times Service

BOOKS

THE SPEED OF SOUND: Hollywood and the Talkie Revolution, 1926-1930

By Scott Eyman. 413 pages. $30. Simon and Schuster.

Reviewed by Jeanine Basinger

FOR years, film historians have lamented the general tendency to oversimplify the story of the coming of sound to the motion picture. Folklore claims "You ain't heard nothin' yet" — Al Jolson's grinning challenge to viewers in 1927's "The Jazz Singer" — as the definitive beginning of the talkie revolution. Such drama was too good to forget, and also, it turns out, too good to be true.

Scott Eyman sets the record straight in "The Speed of Sound." Although many books, articles, television documentaries and even the movies themselves have supported the myth that no audience had ever heard sound coming from a motion picture until "The Jazz Singer," the facts are quite different.

"The Speed of Sound" addresses historical assumptions and misunderstandings. It is readable, and superbly researched and detailed. Eyman tells the full story of the development of sound for motion pictures, clarifying how sound capability existed for years before "The Jazz Singer." Problems with quality, cost, ease of method, and synchronization delayed progress, and in the meantime silent film grew into a popular art form. When the Warner brothers decided to take a chance on a somewhat clumsy process that connected the movie image on the screen to the playing of a wax phonograph in the projection booth, no one got particularly excited. As Harry Warner, the most skeptical of the siblings, said, "Who wants to hear actors talk?"

Their process, Vitaphone, became popular, and Warner Bros. released wonderful musical shorts starring such personalities as George Burns and Gracie Allen and added recorded scores and sound effects to silent films. The success of the Vitaphone shorts led the studio to take a chance on a full-length feature to mix both sound and silence, "The Jazz Singer." When it premiered in October 1927, the reception was enthusiastic. Ultimately, the Warners' sound-on-disk system, replaced by the more viable Fox Movietone sound-on-film method, would be obsolete by 1932.

The transition to sound was a volatile time. Eyman has a keen appreciation of the madness of the era. He captures the frenzy that drove the business as it tried to master the new dimension, and as people began to realize that it was an unstoppable revolution that could put even the biggest careers in jeopardy. He emphatically states that sound changed everything, not just how movies were made but also, even more significant, what movies were. Screen comedy, which had reached a peak in the silent era, became primarily verbal instead of visual. The need for dialogue changed the star system, bringing in new actors and actresses who were stage-trained or who had unusual voices. New writers from literature, theater and newspapers were hired. Sound also brought the unions to Hollywood. It was a major upheaval, and it all happened in just four years.

Eyman is a first-rate film historian who has already proved himself with two excellent books, "Mary Pickford: America's Sweetheart" and "Ernst Lubitsch: Laughter in Paradise." Anyone with an interest in accurate film history or a desire to know what really happened in the era of the transition to sound would enjoy this book. You ain't read nothing like it yet.

Jeanine Basinger, the author of "A Woman's View: How Hollywood Spoke to Women, 1930-1960;" wrote this for The Washington Post.

BRIDGE

By Alan Truscott

BRIDGE will be included in the competition at the second World Scholar-Athlete Games, in Newport, Rhode Island.

Participants, aged 16 to 19, will have proven *ability both* academically and athletically. There will also be discussion of issues such as ethics and the environment. Some scholar-athletes will present the group conclusions to the General Assembly of the United Nations.

One of the bridge players will be Joel Wooldridge, who at 11 became the youngest life master in the history of the game. He held the South cards on the diagramed deal.

He landed in four spades doubled after a competitive auction and faced the lead of the diamond ace. A second diamond lead was ruffed in the dummy, and South threw a heart on the club ace. The club queen was led and ruffed, as East threw a diamond. The diamond jack was ruffed, and another club was ruffed in the closed hand. Next, South cashed his top hearts and ruffed a heart, reaching the ending shown at right:

Needing two more tricks, Wooldridge led a club from dummy and overruffed East. He then led the spade nine and could not be prevented from scoring his game-going trick with the spade queen.

NORTH
♠ J 8 3
♡ 2
◇ Q
♣ A Q J 10 8 7 4 3

WEST
♠ K
♡ Q 9 5
◇ A 10 8 7 2
♣ K 9 5 2

EAST
♠ A 10 8 4
♡ J 10 8 3
◇ K 9 5 4
♣ 6

SOUTH(D)
♠ Q 9 7 5 2
♡ A K 7 6 4
◇ J 6 3
♣ —

North and South were vulnerable.

The bidding:

South	West	North	East
1 ♠	2 ◇	3 ♣	3 ◇
3 ♡	Pass	3 ♠	4 ◇
Dbl.	Pass	4 ♠	Dbl.
Pass	Pass	Pass	

West led the diamond ace.

NORTH
♠ —
♡ —
◇ —
♣ 10 8 7 4

WEST
♠ K
♡ —
◇ 10 8
♣ K

EAST
♠ A 10 6 4
♡ —
◇ —
♣ —

SOUTH
♠ Q 9 7
♡ 7
◇ —
♣ —

CROSSWORD

ACROSS

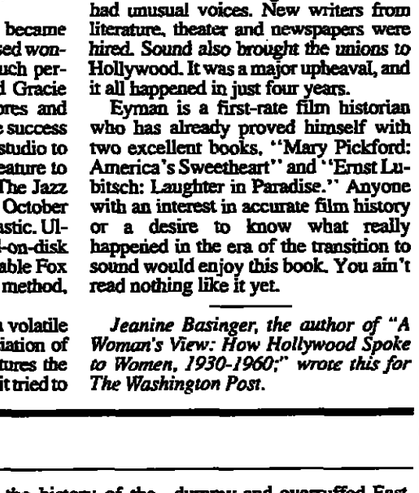
1 Mad dog worry
5 Spy — Hari
9 Aware, with "in"
14 Water color
15 Valentine's Day matchmaker
16 Hawaiian veranda
17 "Brilliant idea!"
19 Ice Follies venue
21 Maid's cloth
22 Veteran
26 Pennilessness
28 — Strait (Russia-Alaska separator)
31 Confront
32 Wide shoe specification
33 Police operation
34 Knob
35 Nos. on a road map
36 Classic Bill Clinton phrase
39 Giant Mel et al.
40 Jazzy Fitzgerald
41 Remove, as a knot
43 Award for a knight: Abbr.
44 Neighbor of Vietnam
45 Like some kisses and bases
48 Novelist Hesse
48 Sentimentalists, maybe
49 Superlative ending
50 Subject of psychoanalysis
51 1962 Cary Grant/Doris Day movie
59 Actor Bruce of radio's "Sherlock Holmes"
60 Chess finale
61 "God's Little —"
62 Lachrymose
63 Hardly any
64 Rural carriage

DOWN

1 Sheep's sound
2 Stats for eggheads
3 Egyptian boy king
4 Barber's obstruction
5 Cooking up
6 Change, as a motion
7 Swiped
8 Comic dog's bark
9 Split asunder
10 Jessica of 1976's "King Kong"
11 Prefix with cycle
12 — de vie
13 Insult, in slang
18 Pumpkin-colored
19 Food seller
22 Out-of-date: Abbr.
23 Last Beatles album
24 Gadabout
25 Jazzman "Fatha"
26 "The Taming of the Shrew" locale
27 Change names
28 Even smaller
29 "You bet!"
31 April — Day
34 Parachute material
35 Babbled
37 Shanty
38 Delay
39 Ash's partner
42 U.S.N. officer
44 Summing-up word
45 Flew alone
47 Olympic race unit
48 Conductor Zubin
50 "Get outta here!"
51 Explosive inits.
52 Hasten
53 — Khan
54 Thurman of "Pulp Fiction"
55 Mothers
58 "— bin ein Berliner"
57 Gun enthusiast's grp.
58 Codebreaker's discovery

Solution to Puzzle of May 9

HADABLAST SHIMS
OVEREAGER IONIA
HOLEINONE DROSS
ONEAT RAN EARTH
LATTER DRE
FIFES ESPIES
UNODUETRE INA
RAID IDI SLAT
TBS ASSOCIATE
BRATTY UNFED
RAD INMOST
EDSEL ARA ISHOT
NEPAL NOTINTUNE
DROVE INATRANCE
ASTER CONTESTED



Puzzle by Hugh Dixon

© New York Times/Edited by Will Shorts.

INTERNATIONAL

RUSSIANS: *Women's Double Role*

Continued from Page 1

em beauty products that flooded the market once the Soviet Union collapsed. *Young or old, rich or poor,* Russian women now spend a considerable amount of their disposable income on shampoos, depilatories, cosmetics and clothes. They have mostly ignored the kind of understatement and comfort now fashionable in the West. J. Crew is not a popular look in Moscow; the ideal is Nolan Miller, who designed the femme fatale clothes worn by Joan Collins in "Dynasty."

They eschew natural-looking blond highlights for vivid henna and improbable gold tresses. Lipstick is red, foundation is thick, eyeliner is black and luxuriant.

Even in the Parliament, where the dull gray business of government goes on, female employees can be seen wearing spangly cocktail dresses. Pants are unthinkable.

Secretaries do not wear tennis shoes *on the long walk and subway ride to* work; they wear high-heeled pumps. Middle-aged matrons who scrape by on miserly salaries or pensions wouldn't dream of wearing leisure suits or slacks to take their grandchildren to the park or to the circus when they can wear suits and dresses.

They are, in part, still rebelling against a Communist system that tried to ban frivolity and strictly limited consumer goods. But women also expect to be treated as women.

And future generations are being programmed the same way. In state schools, little girls wear dresses and hair ribbons to kindergarten.

By junior high school, boys do woodworking and car repair, and girls take sewing and cooking classes. Teachers reprimand children who try to cross over. Last week, the Yeltsin administration formed a commission to investigate the dearth of women in high government office, then appointed a man, Deputy Prime Minister Oleg Sysuyev, to lead it.

Courtship in Russia is dizzyingly romantic and atavistic: There is no such thing as a Dutch treat. Men open doors, light cigarettes and do all the driving. Women wear tons of makeup, perfume and high heels and expect and receive candy, flowers, gifts, poetry and lavish compliments from their admirers. All of that usually comes to a shuddering halt as soon as the wedding is over.

Youth ends abruptly. Women endure, complain and nurture. Men muddle through on vodka.

Back on crowded streets, you can see grown Russian women walking hand in hand. Their faces, however, are once again wearing the mask of weary indifference. They are asserting their right to be alone.

SUSPICIONS: *Japan Gets What It Wants*

Continued from Page 1

impression that sentiment was changing and establishing a new market trend as speculators' covering exposed positions set off a buying frenzy that would create its own momentum.

It's a suspicion because anyone who knows will not talk — certainly not publicly, but not even privately.

"You're asking questions about a confidential relationship with very important clients," the central banks, said one senior banker. "I wouldn't comment even if I knew."

Bankers were even unwilling to be quoted as saying that they suspected *covert intervention out of fear of offending.* But Simon Crane, a London-based trading adviser, said that "intuitively, I know that is exactly what has happened — but I have no evidence."

The Japanese government has been broadcasting its intention to reverse the currency's weakness since February, when the dollar surpassed 120 yen. At that level the yen was cheap enough to fuel an export boom that, it was feared, *would provoke a new bout of trade frictions* with the United States.

But the threat of overt intervention was never taken seriously, even though the Bank of Japan has the means — $220 billion in reserves that could be spent to support the yen. Given the weak state of the Japanese economy, the bank does not want to do anything that would force up the country's record low interest rates.

What form the assumed covert intervention took is a matter of speculation. The Bank of Japan could have told one or two banks to buy yen for dollars on behalf of the central bank. It also has more esoteric possibilities — for example, it could buy options to sell the dollar at a fixed exchange rate, obliging banks writing the options to sell dollars to cover their exposure.

As the ostensible trigger for the exchange rate move was a sharp sell-off in the government bond market, the central bank could have been operating in the derivatives market, putting upward pressure on short-term interest rates to create *the impression an official rate increase* might be looming.

But analysts rule out the likelihood of an imminent rise in Japanese rates. Economic growth is still anemic though picking up, inflation remains low and fiscal policy is tightening in an effort to reduce the government's deficit spending program.

At present, the capital outflow — contributing to a weakening yen — has *slowed to a trickle.*

Analysts say they believe investors are holding back, waiting to see where the exchange rate settles and what Federal Reserve Board policymakers decide about U.S. interest rates when they meet May 20. Only then will it become clear whether the yen has moved to a sustainable higher range.

YEN: *Tokyo Hails Rise and Vows to Step In*

Continued from Page 1

account surplus and prevent a new trade conflict with the United States.

The yen's more than 50 percent fall since it hit a record high of 80 yen against the dollar in April 1995 has sparked a boom in Japanese exports. That has angered U.S. manufacturers and prompted Washington to warn Tokyo to keep its trade surplus in check.

Mr. Mitsuzuka said: "My understanding of the currency markets in the past several days, which show a correction in the yen's weakness, *is that the* G-7's strong resolve has started to penetrate the markets."

Mr. Mitsuzuka and Mr. Sakakibara made their comments on the opening day of the Asian Development Bank's three-day annual meeting here.

Until last week, the dollar had risen steadily against the yen because of expectations that U.S. interest rates would be increased while interest rates in Japan remained at their record lows.

But in a speech Friday, Alan Greenspan, chairman of the Federal Reserve Board, hinted that the Fed might leave rates unchanged when its policymakers next meet May 20. "There's scant evidence of any imminent resurgence of inflation," he said.

His comments coincided with speculation that the Bank of Japan could tighten credit as early as July because of stronger than expected growth in Japan, reflected by a more than 10 percent rally in share prices since mid-April.

At the same time, market analysts said Tokyo appeared eager to head off trade friction with Washington by bolstering the yen ahead of the G7 summit meeting in June. Its trade surplus with the United States has risen for the six month in a row — soaring 11.2 percent in March alone, to $3.04 billion.

These factors sent the dollar, which on May 1 reached a four-year high of 127.50, tumbling below 120 yen. That was its lowest point since Jan. 27 and capped a week in which the dollar suffered its biggest drop against the yen since the week ending Sept. 27, 1985.

Nonetheless, economists were divided over whether the yen would continue to appreciate against the dollar. Some said the yen would continue to rise. Washington has repeatedly urged Tokyo to galvanize its economic recovery by increasing domestic demand rather than relying on exports to lead the way. But given Tokyo's determination to get its budget deficit under control, continuing to strengthen the yen looks like the only way to rein in the trade surplus, some economists said.

But others said that with the U.S. economy still racing ahead and interest rates significantly higher than in Japan, it was only a matter of time before the dollar began to appreciate against the yen.

Moreover, they said Tokyo was reluctant to let the dollar fall too far because that would hurt exports and could undermine Japan's economic recovery.

Major Japanese manufacturers have figured their internal costs based on an exchange rate of *115-120 yen* to the dollar in the first half of the fiscal year starting in April, meaning that a steep rise in the yen's value beyond that would hit them hard.

KOREA: *Army Declares 'War' on Famine*

Continued from Page 1

Food aid has become a key issue in negotiations to get North Korea to join peace talks with South Korea, the United States and China to formally end the 1950-53 Korean war, which ended in an armistice. North Korea insists that to begin negotiations, it must have far more aid than what has already been promised by the United States. Washington has said that once the peace talks start, more aid is a possibility.

A newspaper in Hong Kong, the South China Morning Post, reported Sunday that many soldiers were starving and roaming famine-hit cities and rural areas, demanding food and money.

■ Talks on GIs Break Down

Talks on accounting for American soldiers missing in the Korean War have ended with no agreement, The Associated Press reported. The head of the U.S. delegation said the negotiations broke off after six days of meetings.

THE INTERMARKET

GENERAL

THE INTERMARKET Starts on Page 7

Telecommunications

Opportunity Is Calling!
Join the leader in the fast growing International telecom industry
* Agents
* Calling Centers
* Pre-Paid Calling Cards
* Resellers
kallback 417 2nd Ave W. Seattle, WA 98119
Where Standards are Set, not Met
Tel: 1.206.599.1991
Fax: 1.206.599.1991
Email: info@kallback.com
www.kallback.com

TO PLACE AN AD IN THE Herald International Tribune
Contact the Paris office:
Tel.: (33-1) 41 43 93 05
Fax: (33-1) 41 43 93 70
E-mail: classified@iht.com

MANAGING DIRECTOR-PARIS
WORLDxCHANGE, an international telephone company, is seeking a highly motivated managing director with telecommunications experience to manage our operations in Paris.
The successful candidate will be responsible for and operating a satellite office in Paris. Duties include addressing business opportunities, developing pricing strategies, completing sales objectives/forecasts, P&L responsibility and all other aspects of operations. Requires strong knowledge of international business practices and accounting (including P&L statements & balance sheets) and 5 years directly related job experience. Must be bilingual (English-French).
To apply, please mail resume to: Linda Condon, WORLDxCHANGE Communications, 4950 La Jolla Village Drive #100, San Diego, California 92122 USA. You may also FAX resume to: (619) 625-6500 or send via internet to Linda.Condon@wxl-cts.com

Business Services

GENEVA SWITZERLAND
Full Service is our Business
* International law and taxes
* Mailbox, telephone, telex and telecopier services
* Translation and secretarial services
* Formation, domiciliation and administration of Swiss and foreign companies
* Furnished offices and conference rooms for daily or monthly rental
Full confidence and discretion assured.
BUSINESS ADVISORY SERVICES S.A.
7 Rue Muzy, 1207 GENEVA
Tel 736 05 40, Tlx 413222, Fax 786 06 44

YOUR OFFICE IN LONDON
Bond Street - Mail, Phone, Fax, Telex
Tel: 44 171 499 9192 Fax 171 499 7517

Lowest Int'l TelePhone Rates!
Call The USA From:

Germany	$0.33
UK	$0.25
France	$0.32
Switzerland	$0.36
Sweden	$0.25
Saudi Arabia	$0.89

Call For All Rates
25% Commission
Agents Welcome!
KallMart
Tel: 1-407-777-4922 Fax: 1-407-777-5611
http://ypn.com/kallmart

Financial Services

PRIME BANK GUARANTEES
Venture Capital Finance Available for Government Projects and Government Companies that are for sale.
Large Projects our Specialty
Also, Long Term Finance for Large and Small Companies
No commission Until Funded
REPRESENTATIVE
Needed to act as Liaison
Please reply in English
VENTURE CAPITAL CONSULTANTS
Investment bankers
16311 Ventura Blvd., Suite 999
Encino, California 91436 U.S.A.
Fax No.: (818) 995-1696
Tel.: (818) 788-0422

Real Estate for Sale

French Riviera

CAP FERRAT Waterfront - Celebrity sells or rents hideaway. Beach/jetty. Sleeps 8. June-Sept. 2/4 weeks McCaw Tel +377 93505931, Fax +377 93507197

Paris and Suburbs

7th, RUE DE LILLE
Lovely old 18th cent. 2 rooms, charming.
Tel: +33(0)1 42 96 10 88

Real Estate for Rent

Paris Area Furnished

Embassy Service
YOUR REAL ESTATE AGENT IN PARIS
Tel: +33 (0)1 47.20.30.05

AGENCE CHAMPS ELYSEES
Specialists:
Furnished apartments, 3 months or more or unfurnished, residential areas.
Tel: +33 (0)1 42 25 32 25
Fax: +33 (0)1 45 63 37 09

AT HOME IN PARIS
PARIS PROMO
Apartments to rent furnished or not.
Sales & Property Management Services.
25 Av Hoche 75008 Paris Fx 01-45611020
Tel: +33 (0)1 45 63 25 60

CAPITALE * PARTNERS
Handpicked quality apartments, all sizes Paris and suburbs. We help you best !
Tel +33(0)1-46148211. Fax (0)1-46148215

6th, ODEON, high class studio in town house, fully equipped. F5,500 net. Tel evening / weekend 1-46 99 83 67.

Switzerland

GENEVA, LUXURY FURNISHED apartments. From studios to 4 bedrooms. Tel: +41 22 735 6320 Fax +41 22 7382671

CAPITAL MARKETS ON MONDAY

U.S. Bond Traders Abandon Their Belief That Fed Will Raise Rates Soon

Compiled by Our Staff From Dispatches

NEW YORK — The consensus view of bond investors that the Federal Reserve Board is poised to raise interest rates this month has evaporated now that the Fed chairman, Alan Greenspan, has said the economy is behaving itself.

The yield on the benchmark 30-year U.S. Treasury bond, which finished Friday at 6.89 percent, is more than a quarter percentage point lower than it was in mid-April. Then, most investors were convinced the Fed's March rate increase would be the first of a series of increases aimed at curbing growth in the economy and keeping inflation at bay. Fed policymakers next meet May 20.

Mr. Greenspan discouraged this perception in a speech Thursday, saying, "1997 is not 1994," the year in which the central bank launched a series of seven rate increases.

"If 1997 is not 1994, then we aren't going to see the 'Incremental Al' we saw back then," said Mark Miller, who manages $500 million in fixed-income assets for Kayne Anderson Investment Management.

Mr. Miller said Mr. Greenspan's remarks Thursday had changed his view of what the Fed will do this month.

"I was pretty bearish and thought the chance of them going" in May was "pretty good," he said. Now, together with signs that the economy is slowing in the second quarter, he said, Mr. Greenspan's comments suggest the central bank could hold off until September.

"It's kind of hard for the Fed to justify doing anything the 20th of May," said Joseph Whitbread, who helps manage about $36 billion of bonds for Loomis Sayles & Co., given signs that inflation is subdued and the economy may be slowing a bit.

"The market was obviously leaning toward negative indications from Greenspan," said Michael Mullaney, who helps manage about $65 billion of bonds for Putnam Investments. "Since he didn't deliver that, investors took it as a positive."

The Fed increased its target for overnight lending between banks in March by a quarter of a percentage point, to 5.50 percent, the first increase in two years. Judging by futures on Eurodollars, or dollars on deposit outside the United States — among the most sensitive to Fed rate expectations — fewer investors expect another increase this month.

Another indicator of a brighter outlook for bonds is in the futures market. June contracts for three-month Eurodollars have an implied yield of 5.89 percent, down from 6.03 percent late last month.

To be sure, many investors are reluctant to make a big bet on bonds because they still expect the Fed to increase rates at least once more in the months ahead, if not on May 20.

Some investors note that current yields, following the recent rally, do not adequately reflect the risk of a rate increase this month. That could lead to losses for some investors should the Fed indeed take action May 20.

Even Mr. Miller at Kayne Anderson was not encouraged enough by Mr. Greenspan's words to begin buying government bonds in a big way. He still likes mortgage-backed bonds and other securities that pay an extra yield, or spread, above Treasuries.

A batch of economic reports slated for this week are expected to provide more evidence that the economy has lost steam in the second quarter after running at a robust 5.6 percent annual pace in the first three months of the year.

The government is expected to say prices paid by producers were unchanged in April and climbed a modest 0.1 percent for consumers. Other reports are expected to show industrial production climbed 0.2 percent in April, while retail sales fell slightly in the month.

Signs of slack in the economy and low inflation, if they are seen as keeping the Fed from raising rates, could drive yields to as low as 6.75 percent soon, investors said.

"As long as the numbers continue to come in lower than expected, it will take a lot of worry out of the market as far as Fed rates are concerned," Mr. Miller said. "If we start to see a slowdown, bonds will really start to rally."

But another bond trader said he did not think Treasuries represented much value at current levels.

"If we get a soft retail sales number, we can trade up again, and maybe sustain" bond prices, he said. But he added: "It's more a momentum thing. If you buy them here, you're buying them because you're hoping to sell them to someone else at a higher level." *(Bloomberg, Bridge News)*

European Investors Warily Await Decision

By Carl Gewirtz
International Herald Tribune

PARIS — With the dollar down 2.4 percent against the Deutsche mark last week, with yields on U.S. government securities back down to levels last seen in mid-March and with the Dow Jones industrial average comfortably back above 7100, European financial markets appear to have ruled out any danger of another increase in U.S. interest rates when Federal Reserve Board policymakers meet May 20.

As it is not clear that confirmation by the Fed would be enough to drive prices further, while an increase in rates would undoubtedly cause prices of both bonds and stocks to decline, analysts say this is a good time to sit on the sidelines.

"Investors are reluctant to make new commitments," said Roger Bates of Deutsche Morgan Grenfell. "They're either sitting on cash or building up holdings of floating rate notes," which offer the greatest protection against a rise in interest rates.

As for the dollar's soggy performance, analysts are divided on whether it has lost its underlying dynamic of expectations of rising interest rates or whether the currency was a victim of the upset in the pound. The British currency dropped against the Deutsche mark on rumors that the new Labour government would take the currency back into Europe's fixed exchange rate system at a central rate of 2.5 DM — well below the prevailing market rate. The pound finished last week at 2.74 DM.

The pound was also hit by rumors that the new government would soon announce spending cuts and a tighter fiscal policy to relieve pressure on the Bank of England to raise interest rates. The rumors added further luster to bond prices, already booming on the news the central bank would be free to set interest rates at its discretion, but caused the currency to lose its shine.

'Investors are reluctant to make commitments.'

A number of traders said that buying of the mark in London pushed up the German currency against virtually all other money. Other traders insisted that the dollar fell on diminished hopes for a rise in interest rates.

"If you're an optimist on the dollar's outlook you can say the sell-off was an overdue correction after a sustained rally," said Neil MacKinnon of Citibank. "If you're a pessimist, you can say that the dollar has seen its peak and is headed for a nasty downturn." Mr. MacKinnon described himself as "leaning to the bullish camp" for the dollar in Europe.

"Germany can't yet support the dollar back at 1.60 DM," he asserted. The dollar ended the week at 1.6875 DM, its lowest level since early April.

The prevailing view among analysts is that the dollar is not yet in a downtrend in Europe but also has no power to climb unless the Fed does increase rates.

Yet another uncertainty is the impact on U.S. bond prices and yields if the Japanese, usually very large purchasers, maintain their current stance of staying at home.

"The Treasury market is very dependent on foreign support and hence exposed to policy changes outside the United States," said Mark Cliffe of HSBC Markets.

But Mark Wanshel at J.P. Morgan sees little threat. Noting that the Treasury had already announced plans to pay off $65 billion in debt this current quarter, he estimated that total net borrowing this year could run $100 billion less than a year ago.

"I expect any weakening in foreign demand for Treasuries to be more than matched by the lower supply," he said.

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending May 9. Prices supplied by Telekurs.

Australian Dollar

Rnk Name	Cpn	Maturity	Price	Yield
240 Australia	12	11/15/01	117.9050	10.1800

Austrian Schilling

Rnk Name	Cpn	Maturity	Price	Yield
187 Austria	5¼	04/11/07	100.0000	5.7500

Belgian Franc

Rnk Name	Cpn	Maturity	Price	Yield
184 Belgium	9	03/28/03	119.7500	7.5200

British Pound

Rnk Name	Cpn	Maturity	Price	Yield
89 EIB	7⅝	12/07/07	102.1250	7.4700
143 World Bank	zero	07/17/00	80.7474	6.9200
188 Britain	7	11/06/01	100.2500	6.9800
192 Exim Bk Japan	8	02/05/07	104.1250	7.6800
196 EIB	6	11/26/04	93.1250	6.4400
208 Cwealth Dev Bk	7½	04/28/00	100.3750	7.3500
220 Morgan St FRN	6.58	04/02/02	99.8800	6.5900
222 Rabobank	6¼	02/18/00	99.1250	6.8100
223 Britain	6¾	11/26/04	98.5938	6.8500

Canadian Dollar

Rnk Name	Cpn	Maturity	Price	Yield
165 Canada	4	03/15/99	98.6400	4.0600
212 Canada	8	06/01/23	110.0000	7.2700
226 Canada	7½	12/01/03	105.8371	7.0900

Danish Krone

Rnk Name	Cpn	Maturity	Price	Yield
8 Denmark	8	03/15/06	110.3322	7.2500
21 Denmark	7	11/15/07	102.9500	6.8000
23 Denmark	9	11/15/98	107.0800	8.4000
27 Denmark	8	11/15/01	111.1989	7.1900
33 Denmark	7	11/10/24	95.5500	7.3300
36 Denmark	7	12/15/04	105.0167	6.6700
45 Denmark	9	11/15/00	113.1500	7.9500
65 Denmark	8	05/15/03	111.6000	7.1700
66 Denmark	6	12/10/99	100.5572	5.9700
78 Real Kredit	6	10/01/26	88.6000	6.7700
103 Denmark	6	11/15/02	102.8000	5.8400
120 Denmark	7	08/15/97	100.8000	6.9400
138 Nykredit Bank	7	10/01/26	95.6500	7.3200
140 Nykredit	7	10/01/29	93.0000	7.5300
145 Denmark	5	08/15/05	93.7000	5.3400
150 Denmark	6	02/15/99	103.0700	5.8200
157 Nykredit 3 Cs	6	10/01/26	88.8500	6.7500
158 Denmark	4	02/15/00	99.1500	4.0300
232 Realkredit	6	10/01/29	85.6300	7.0100

Deutsche Mark

Rnk Name	Cpn	Maturity	Price	Yield
1 Germany	6	01/04/07	100.7325	5.9600
3 Germany	4¾	11/20/01	101.4424	4.6800
5 Germany	3¾	03/19/99	99.0843	3.7800
6 Germany	6¼	04/26/06	103.5485	6.0400
7 Germany	8	01/21/02	113.6600	7.0400
10 Germany	6	07/04/07	98.6858	6.0800
11 Germany	7⅜	01/03/05	111.6000	6.6100
12 Germany	6½	10/14/05	105.8000	6.1400
13 Germany	6	01/05/06	101.5753	5.9100
15 Germany	5	08/20/01	101.3300	4.9300
16 Germany	5	05/21/01	102.4000	4.8800
17 Germany	6¼	01/04/24	96.2967	6.4900
20 Germany	6⅞	05/12/05	100.0314	6.8700
24 Germany	6	02/16/06	102.3525	5.8600
26 Treuhand	6⅛	07/01/99	103.3554	6.1700
28 Treuhand	7½	09/09/04	112.3200	6.6800
29 Treuhand	7¾	10/01/02	113.0572	6.8500
30 Germany	8¼	09/20/01	114.2450	7.2200
34 Germany	5¼	02/21/01	103.2500	5.0800
35 Germany	8	07/22/02	114.5717	6.9800
38 Germany	6½	07/15/03	107.1050	6.0700
40 Germany	5⅝	05/15/00	105.1600	5.5900
41 Treuhand	7⅜	12/02/02	111.4900	6.6100
42 Treuhand	7⅛	01/29/03	110.2700	6.4600
43 Treuhand	6⅝	07/09/03	107.4600	6.1500
46 Treuhand	6¼	03/04/04	105.3500	5.9300
47 Germany	9	10/20/00	114.9650	7.8300
48 Treuhand	6⅛	03/26/98	102.5323	5.9700
49 Germany	5¾	08/22/00	104.8601	5.4800
51 Germany	7⅛	12/20/02	110.1698	6.4700
53 Germany	7½	11/11/04	112.4000	6.6700
54 Germany	5⅛	11/21/00	102.9300	4.9800
56 Germany	3½	12/18/98	101.3152	3.4500
57 Treuhand	6⅞	06/11/03	106.5060	6.4600
58 Treuhand	6¾	05/13/04	108.0750	6.2500
60 Germany	8½	02/20/01	114.1150	7.4500
61 Germany	8¾	08/20/01	116.0500	7.5400
64 Germany	8⅞	12/20/00	115.0250	7.7200
68 Germany	8¼	07/21/97	100.9500	8.1700
69 Germany	6	09/15/03	104.8000	5.7300
70 Germany	6½	03/15/00	106.7200	6.0900
73 Germany	6	06/20/16	96.1550	6.2400
74 Germany	3½	09/18/98	100.1000	3.5000
76 Treuhand	5¼	04/29/99	104.2038	5.5200
79 Germany	9	01/22/01	115.6400	7.7800
83 Germany	6⅛	05/20/99	104.8300	5.8400
84 Treuhand	6¼	07/29/99	105.3650	5.9300
85 Treuhand	6½	04/23/03	107.1700	6.0700
86 Germany	6	02/20/98	102.0500	5.8800
88 Germany	6¾	04/22/03	108.4900	6.2200
91 Treuhand	6	11/12/03	104.3250	5.7500
92 Germany	6¾	07/15/04	108.1200	6.2400
94 Germany	7	01/13/00	107.8100	6.4900
96 Germany	8¾	07/20/00	113.5700	7.7000
98 Deut Ausgleichs	6	07/04/07	100.4950	5.9700
102 Treuhand	5	12/17/98	102.2900	4.8900
104 Germany	8⅜	05/21/01	114.2500	7.3300
105 Germany	6¾	09/15/99	106.7450	6.3200
108 Germany	8½	08/21/00	113.0400	7.5200
109 Treuhand	5	01/14/99	102.6100	4.8700
111 Germany	7¼	10/21/02	110.9450	6.5300
112 Germany	5⅝	02/22/99	103.2632	5.2100
113 Germany	8¾	05/22/00	113.2200	7.7300
126 Germany	5¾	05/28/99	104.1200	5.5200
127 Germany	6¼	02/20/98	102.2400	6.1100
128 Treuhand	7	11/25/99	107.6200	6.5000
129 Dresdner Fin	5½	04/30/04	99.9500	5.5000
136 Germany	7	12/22/97	102.2400	6.8500
137 Treuhand	5⅝	09/24/98	102.8700	5.4700
139 Germany	5¾	08/20/98	102.8850	5.5900
141 Germany	8	09/22/97	101.7623	7.8600
146 Germany	6¾	06/21/99	106.1750	6.3600
149 Germany	6⅛	05/20/98	103.0300	6.1900
163 Germany	6⅝	12/02/98	105.0400	6.5500
168 Treuhand	6⅛	06/25/98	102.9900	5.9500
169 Germany	5¼	10/20/98	102.5200	5.1200
172 Germany	6⅜	01/20/98	97.9941	6.7600
177 Russia	9	03/25/04	99.5750	9.0400
179 Germany	7¾	02/21/00	109.8400	7.0600
198 Germany Tbills	zero	10/17/97	97.9570	4.7300
199 Germany	6½	02/24/99	105.8700	6.4900
203 Germany	7½	10/20/97	101.8200	7.3700
207 Nat Bk Cda Frn	3.254	05/07/02	99.8200	3.2600
211 Norddeut LB	4¼	06/15/00	100.4000	4.2300
218 Germany Tbills	zero	07/18/97	99.4554	2.8100
225 Cap Credit Card	5⅜	08/15/01	103.2134	5.4500
239 Germany	6⅛	08/14/98	103.5950	6.1500
241 Germany	6½	05/20/98	103.1432	6.3000
242 Germany	5¼	02/25/98	101.5000	5.1700
250 Germany FRN	3.031	09/30/04	99.1300	3.0500

Dutch Guilder

Rnk Name	Cpn	Maturity	Price	Yield
32 Netherlands	6¼	07/15/98	103.1618	6.0600
67 Netherlands	6	01/15/06	102.9000	5.8300
71 Netherlands	8½	03/15/01	114.0600	7.4500
72 Netherlands	5¾	02/15/07	100.7800	5.7100
75 Netherlands	8¾	05/01/00	112.8000	7.7600
90 Netherlands	7½	01/15/23	113.8500	6.5900
95 Netherlands	7¾	03/01/05	114.6300	6.7600
99 Netherlands	9	01/15/01	115.3000	7.8100
114 Netherlands	8¼	06/15/02	115.4500	7.1500
116 Netherlands	7½	06/15/99	107.4000	6.9800
118 Netherlands	7½	04/15/10	114.5500	6.5500
125 Netherlands SP	zero	01/15/23	117.7500	6.9600
130 Netherlands	6¾	11/15/05	108.1500	6.2400
133 Netherlands	7	06/15/05	109.9000	6.3700
144 Netherlands	8¾	09/15/01	116.1600	7.5300
161 Netherlands	7¾	01/15/00	109.4000	7.0800
171 Netherlands	7	03/15/99	105.8000	6.6200
176 Netherlands	5¾	09/15/02	104.0500	5.5300
214 Netherlands	9	05/15/00	113.6500	7.9200
238 Netherlands	8¼	02/15/00	110.9000	7.4400
245 Netherlands	6½	04/15/03	107.5500	6.0400

ECU

Rnk Name	Cpn	Maturity	Price	Yield
87 France OAT	7	04/25/06	106.5000	6.5700
106 France OAT	6	04/25/04	101.7500	5.9000
122 France OAT	8½	03/15/02	113.8750	7.4600
123 Britain T-note	5	01/26/99	101.0000	4.9500
131 France OAT	5½	04/25/07	95.2500	5.7700
153 Britain	9⅛	02/21/01	114.1250	8.0000
155 France OAT	7½	04/25/05	110.1250	6.8100
183 Britain	4	01/28/00	98.6250	4.0600
189 France BTAN	5	03/16/99	101.2500	4.9400
190 Italy	6	04/02/04	100.7500	5.9600
236 France OAT	9½	04/25/00	113.1250	8.4000
237 France OAT	6¾	04/25/02	106.6250	6.3300

Finnish Markka

Rnk Name	Cpn	Maturity	Price	Yield
186 Finland sr 1999	11	01/15/99	111.6970	9.8500

French Franc

Rnk Name	Cpn	Maturity	Price	Yield
162 France OAT	7¾	10/25/05	115.0400	6.7400
185 France OAT	7¼	04/25/06	111.8900	6.4800
231 France B.T.A.N.	5⅛	03/12/01	104.7700	5.4900
249 AGF Assur	3½	07/01/10	100.6955	3.4800

Irish Punt

Rnk Name	Cpn	Maturity	Price	Yield
174 Ireland	6½	10/18/01	101.7400	6.3900

Japanese Yen

Rnk Name	Cpn	Maturity	Price	Yield
93 Spain	3.10	09/20/06	102.7500	3.0200
159 World Bank	4½	03/20/03	113.0000	3.9800
182 World Bank	4¾	12/20/04	115.8750	4.1000
215 Austria	5¼	02/18/98	103.3750	5.0800
233 World Bank	4½	06/20/00	109.5000	4.1100
244 Fannie Mae	2	12/20/99	101.8750	1.9600

South African Rand

Rnk Name	Cpn	Maturity	Price	Yield
194 World Bank	zero	04/01/22	4.3750	13.3800
209 EBRD	zero	04/07/27	3.5000	11.8500

Swedish Krona

Rnk Name	Cpn	Maturity	Price	Yield
97 Sweden	11	01/21/99	109.8139	10.0200
151 Sweden	6½	10/25/06	96.4453	6.7400
166 Sweden 1037	8	08/15/07	106.2030	7.5300
200 Sweden	5½	04/12/02	97.2719	5.6500
217 Sweden 1036	10¼	05/05/00	113.0733	9.0600

U.S. Dollar

Rnk Name	Cpn	Maturity	Price	Yield
2 Brazil Cap S.L	4½	04/15/14	85.7280	5.2500
4 Argentina par L	5¼	03/31/23	65.1883	8.0500
9 Argentina FRN	6¾	03/29/05	89.4537	7.5500
14 Venezuela FRN	6½	12/18/07	88.4259	7.3500
18 Argentina	11⅜	01/30/17	107.8569	10.5500
19 Mexico	11½	05/15/26	108.5206	10.6000
22 Brazil L FRN	6⅞	04/15/06	90.0281	7.6400
25 Venezuela par A	6¾	03/31/20	73.1010	9.2300
31 Brazil par Zl	5¼	04/15/24	64.3438	8.1600
37 Brazil S.L FRN	6 5/16	04/15/12	80.8438	8.5800
39 Mexico par B	6¼	12/31/19	73.2557	8.5300
44 Bulgaria FRN	6 15/16	07/28/11	62.9850	10.4200
50 Brazil FRN	6½	01/01/01	98.1563	6.6200
52 Mexico par A	6¼	12/31/19	73.7813	8.4700
55 Mexico	11⅜	09/15/16	107.6750	10.5600
59 Brazil S.Zl FRN	6⅞	04/15/24	81.6818	8.4200
62 Japan Dev Bk	7	05/02/02	100.5000	6.9700
63 Ecuador FRN	3¼	02/28/15	64.6200	5.0300
77 Brazil S.L FRN	6 5/16	04/15/09	85.6250	8.1000
80 Ecuador par	3	02/28/25	43.7500	6.8500
81 Argentina FRN	6⅜	03/31/23	83.9375	7.5900
82 Glaxo	7	05/02/02	100.6250	6.9600
100 Bco Com Ext.	7¼	02/02/04	91.8750	7.8900
101 Venezuela par B	6¾	03/31/20	73.3750	9.2000
107 Belgium Tbill	zero	06/30/97	99.1907	5.5400
110 Mexico FRN	7⅞	08/06/01	101.1800	7.7800
115 Russia	9¼	11/27/01	98.0000	9.4400
117 Bulgaria FRN	6⅞	07/28/24	65.2813	10.0500
119 Bulgaria	2¼	07/28/12	48.5638	4.6300
121 Argentina FRN	5.703	09/01/02	115.0000	4.9500
124 Argentina FRN	5.703	04/01/01	128.5000	4.9500
132 Mexico A FRN	6.867	12/31/19	89.1563	7.7000
134 Brazil Cbond S.L	4½	04/15/14	85.9888	5.2300
135 Lukinter Fin.	3½	05/06/02	105.2500	3.3300
142 Mexico D FRN	6.352	12/28/19	89.4729	7.1000
147 CADES	6½	03/11/02	98.5732	6.5900
148 Argentina	11	10/09/06	107.8649	10.2000
152 Peru Pdl	4	03/07/17	61.5625	6.5000
154 Poland FRN	6 9/16	10/27/24	98.1771	7.0700
156 Poland Inter	4	10/27/14	83.0000	4.8200
160 Panama FRN	4	07/17/16	86.1250	4.6400
164 Ontario	7¾	06/04/02	103.6250	7.4800
167 Nigeria	6¼	11/15/20	64.8750	9.6300
170 Venezuela FRN	6¼	03/18/07	89.6875	7.5300
173 Cia De Energia	9¼	05/02/05	100.8750	9.6700
175 Ecuador FRN	6⅞	02/28/25	67.1875	9.5800
178 Panama	3½	07/17/14	75.0000	4.6700
180 Argentina	8⅜	12/20/03	99.1609	8.4500
181 IADB	6⅝	03/07/07	97.7500	6.7800
191 Fst Nat Bk Chic	7	05/08/00	100.5000	6.9700
193 Brazil	8⅞	11/05/01	101.8750	8.7100
195 Canada	6½	05/30/01	99.6250	6.5200
197 Mexico	9¾	02/06/01	104.8750	9.3000
201 British Telecom	6¾	04/25/02	99.6250	6.7800
202 Brazil	6	09/15/13	74.4600	8.0600
204 Amex Cred FRN	5.91	05/01/02	99.6800	5.9300
205 GMAC FRN	5.977	04/29/02	99.6500	5.9900
206 Poland par	3	10/27/24	55.5854	5.4000
210 Peru	3¼	03/07/17	55.7500	5.8300
213 East Japan Ry	7¼	10/11/06	99.3750	7.3000
216 Italy	6⅞	09/27/23	92.0000	7.4700
219 Mexico B FRN	6.836	12/31/19	89.1250	7.6700
221 Abbey Natl TS	6⅜	03/18/02	97.7500	6.5200
224 Quebec	7	01/30/07	97.2500	7.2000
227 Tokyo Elec Pwr	7	02/13/07	99.3750	7.0400
228 Philippines Fix	8¾	10/07/16	99.5489	8.7900
229 Sallie Mae	4½	08/02/99	95.8750	4.6900
230 Ontario	6	02/21/06	92.7500	6.4700
234 EIB	7¼	04/23/07	101.5237	7.1400
235 Altos Hornos	11⅜	04/30/02	102.7500	11.0700
243 Argentina FRN	5.703	04/01/07	119.2000	4.7800
246 Den Danske Bk	zero	08/06/97	98.5938	5.7800
247 CC Desjardins	zero	06/06/97	99.5671	5.2400
248 Italy FRN	5 11/16	06/28/01	100.0500	5.6800

The Week Ahead: World Economic Calendar, May 12-16

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

	Asia-Pacific	Europe	Americas
Expected This Week	**Fukuoka, Japan:** Asian Development Bank annual board of governors meeting. Governors, finance ministers and central bankers from the 56 member countries to attend. Through Tuesday.	**Budapest:** "Corporate Governance, Financial Market and Global Convergence," organized by Societe Universitaire de Recherches Financieres and Robert Triffin-Szirak Foundation. Wednesday through Saturday.	**Quebec City:** Asia-Pacific Economic Cooperation forum meeting of senior officials. Starts Tuesday. **Belo Horizonte, Brazil:** American Free Trade Area conference of 34 trade ministers from the Americas and Caribbean nations. Friday and Saturday.
Monday May 12	**Manila:** Local government elections. **Sydney:** Housing finance data for March. **Earnings:** CSR, Secom.	**Basel:** Group of 10 monthly meeting of central bank governors. **Copenhagen:** Current account and trade balance data for February. **London:** Producer price index. **Prague:** Consumer prices data for April.	**Ottawa:** New-home price index for March. **Sao Paulo:** Auto production data for April. **Earnings expected:** Loral Space & Communications.
Tuesday May 13	**Canberra:** Government unveils budget for year starting July 1. **Tokyo:** Economic Planning Agency reports on regional economies. **Wellington:** Food prices data for April. **Earnings:** Nintendo.	**Amsterdam:** Consumer price index for April. **Berlin:** Final consumer prices data for April. **Paris:** Final consumer price index for April. **Earnings:** Deutsche Telekom.	**Mexico City:** Foreign reserves data. **Ottawa:** New-vehicle sales figures for March. **Washington:** Retail sales data for April.
Wednesday May 14	**Sydney:** Westpac-Melbourne Institute to issue consumer sentiment index for May. **Earnings:** Westpac Banking.	**London:** Unemployment and underlying average earnings data. **Madrid:** Inflation data for April. **Wiesbaden, Germany:** Wholesale prices data for April. **Earnings:** Cable & Wireless, Novo Nordisk.	**Mexico City:** Industrial output data for March. **Ottawa:** Agricultural census for 1996. **Washington:** Producer price index for April and business inventories and sales data for March.
Thursday May 15	**Sydney:** Money supply data. **Wellington:** Unemployment data for April; government bond tender results.	**Frankfurt:** Retail sales data for March. **Helsinki:** Consumer price index for March. **Stockholm:** Employment data and consumer price index for April. **Earnings:** British Telecom.	**Ottawa:** Consumer price index for April. **Rio de Janeiro:** Industrial production data for March; coffee crop survey. **Washington:** Consumer price index and industrial output and capacity utilization data for April.
Friday May 16	**Bangkok:** Sale of 2 billion baht ($76.7 million) worth of 1-month and 1 billion baht worth of 3-month notes. **Taipei:** Economic growth rate for first quarter. **Wellington:** Retail sales data for March.	**Budapest:** Current account data for February. **Earnings:** Kvaerner, VIAG.	**Caracas:** Money supply and foreign reserves data. **Ann Arbor, Michigan:** University of Michigan to release index of consumer sentiment for April. **Washington:** Housing starts data for April.

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Associates Corp. of North America	$500	2002	1/16	99.837	—	Over 3-month Libor. Noncallable. Fees 0.20%. (J.P. Morgan Securities.)
AT & T Universal Card Services	$850	20074	0.09	100.00	—	Over 3-month Libor. Average life 4.93 years. Fees not available. (Lehman Brothers Intl.)
Korea Long-Term Credit Bank	$100	1998	0.35	100.00	—	Over 3-month Libor. Noncallable. Fees 0.08%. Denominations $250,000. (ABN-AMRO Hoare Govett.)
Lehman Brothers Holdings	$300	2002	0.30	99.783	—	Over 3-month Libor. Noncallable. Fees 0.35%. Denominations $100,000. (Lehman Brothers.)
Norgeskredit	$100	2007	0.30	99.848	—	Interest will be 0.30 over 3-month Libor until 2002, thereafter 1.05 over. Callable at par from 2000. Fees 0.40%. Denominations $10,000. (Bear Stearns Intl.)
Unibank	$200	2007	0.40	100.00	—	Interest will be 0.40 over 3-month Libor until 2004, when issue is callable at par, thereafter 1.90 over. Fees 0.56%. Denominations $50,000. (J.P. Morgan Securities.)
RIBS	DM750	2001	0.08	100.005	—	Over 3-month Libor. Noncallable. Fees not available. (Deutsche Morgan Grenfell.)
PARCS	£128.9	2004	0.24	100.00	—	Over 3-month Libor. Average life 3.6 years. Fees 0.15%. Denominations £10,000. (Citibank Intl.)
Argentina	ITL500,000	2004	1.60	100.00	—	Over 3-month Libor. Reoffered at 99.90. Noncallable. Fees 0.50%. (Deutsche Morgan Grenfell.)
Parmalat	ITL650,000	2001	⅜	100.00	—	Over 3-month Libor. Noncallable. Fees 0.30%. (Credito Italiano.)
World Bank	ITL200,000	2007	0.20	100¼	—	Over 12-month Libor. Reoffered at par. Callable at par from 2003. Fees 0.60%. (Cariplo.)
Mardon Underwriting Nbr 1	Y60,000	2004	0.10	100.00	—	Below 3-month Libor. Callable at par from 1998. Fees not disclosed. (Sanwa Intl.)
Fixed-Coupons						
ABB Finance	$250	2004	6¾	101.145	99.55	Reoffered at 99.47. Noncallable. Fees 2%. (UBS.)
Banco BCN Barclays	$100	2005	9	99.566	—	Semiannual interest will be 9% until 2002, when issue is callable at par, thereafter 9⅛%. Fees not available. Registered notes in denominations of $10,000. (Barclays de Zoete Wedd.)
Byblos Bank	$100	2002	8¼	99.88	—	Noncallable. Fees 1⅛%. Denominations $10,000. (ABN-AMRO Hoare Govett.)
Coca-Cola Amatil	$300	2002	6¾	101.127	99.55	Reoffered at 99.527. Noncallable. Fees 1⅞%. (SBC Warburg.)
Hitachi Finance	$150	2000	6⅝	101.0775	100.00	Reoffered at 99.89. Noncallable. Fees 1⅛%. (IBJ Intl.)
Landesgirokasse Oeffentliche Bank	$500	2002	6½	101.425	99.95	Reoffered at 99.80. Noncallable. Fees 1⅞%. Denominations $10,000. (CS First Boston.)
Morgan Guaranty Trust	$500	2002	6½	101.241	99.79	Reoffered at 99.616. Noncallable. Fees 1⅞%. (J.P. Morgan Securities.)
Swire Pacific Capital	$300	perpt	8.84	100.00	—	Quarterly. Callable at par from 2017. Fees 2⅛%. (Merrill Lynch Intl.)
BNG	DM300	2002	4⅝	101.31	99.55	Reoffered at 99.56. Noncallable. Fees 2%. (ING Barings.)
Henkel	DM300	2004	5⅜	101.70	—	Reoffered at 99[illegible]. Noncallable. Fees 2⅛%. (Dresdner Kleinwort Benson.)
Landwirtschaftliche Rentenbank	DM250	2001	4½	101.055	99.45	Reoffered at 99.53. Noncallable. Fees 1⅝%. (ING Barings.)
World Bank	DM500	2001	4⅝	102.16	—	Reoffered at 100.785. Noncallable. Fungible with outstanding issue, raising total amount to 1 billion marks. Fees 1⅝%. (WestLB.)
Carlton Communications	£200	2007	7⅝	100.92	—	Reoffered at 99.295. Noncallable. Fees 2%. (Barclays de Zoete Wedd.)
Denmark	£100	2000	6¼	100.155	—	Semiannually. Noncallable. Fees 1⅜%. (Nomura Intl.)
Electricite de France	£100	2000	6.40	100.10	—	Semiannually. Noncallable. Fees 1⅜%. (Nomura Intl.)
Union Bank of Switzerland	£250	2004	7⅜	99.513	—	Noncallable. Fees 0.325%. (UBS.)
World Bank	£750	2002	7	99.792	—	Noncallable. Fees 0.25%. (Barclays de Zoete Wedd.)
Merrill Lynch & Co.	FF1,500	2002	5⅛	99.89	100.05	Noncallable. Fees 0.30%. (Merrill Lynch Intl.)
European Investment Bank	ITL250,00	2007	7	100.255	98.95	Noncallable. Fungible with outstanding issue, raising total amount to 1.25 trillion lire. Fees not available. (Banque Nationale de Paris.)
ING	DF700	2007	6	100.575	99.70	Reoffered at 99. Noncallable. Fees not available. (ING Barings.)
BNG	SAR1,000	2020	zero	4.975	4.70	Yield 13.72%. Reoffered at 4.725. Noncallable. Fungible with outstanding issue, raising total face amount to 5 billion rand. Fees 0.375%. (Toronto-Dominion Bank.)
Inter-American Development Bank	Y8,000	2000	5¼	98½	—	Semiannually. Noncallable private placement. Redemption at maturity will be in pounds. Also 6 billion yen paying 5.40%, to be redeemed in dollars. Fees 0.20%. (LTCB Intl.)
T-Dual	Y25,000	2000	5.20	100.00	—	Semiannually. Redemption at maturity will be in dollars. Noncallable. Fees 1.615%. (Daiwa Europe.)
Equity-Linked						
GVC Corp.	$150	2002	zero	100.00	—	Yield 5.82%. Noncallable. Convertible at T$64.93 per share, a 19.5% premium, and at T$27.736 per dollar. Fees 2½%. (Goldman Sachs Intl.)
United Microelectronics	$250	2004	0.25	100.00	—	Redeemable at 141.6964 in 2002 to yield 0.75 over Treasuries. Convertible at T$73.10 per share, a 4.43% premium, and at T$27.73 per dollar. Fees 2½%. (ABN-AMRO Rothschild.)

Last Week's Markets

Stock Indexes

	May 9	May 2	% Ch'ge
United States			
DJ Indus.	7,169.53	7,071.20	+1.39
DJ Util.	223.66	220.72	+1.33
DJ Trans.	2,601.20	2,605.8	−0.18
S & P 100	808.47	795.42	+1.64
S & P 500	824.79	812.51	+1.51
S & P Ind	970.00	954.43	+1.63
NYSE Cp	429.23	423.04	+1.46
Nasdaq Cp	1,335.20	1,303.94	+2.40
Japan			
Nikkei 225	19,802.78	19,514.75	+1.48
Britain			
FTSE 100	4,630.90	4,455.60	+3.93
Canada			
TSE Indus.	6,220.70	6,097.00	+2.03
France			
CAC 40	2,633.91	2,655.31	−0.81
Germany			
DAX	3,562.41	3,460.37	+2.95
Hang Seng	13,930.80	13,081.70	+6.47
World			
MSCIP	872.91	847.25	+3.03

World Index from Morgan Stanley Capital Int'l Perspective.

Money Rates

	May 9	May 2
United States		
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds rate	5 7/16	5 7/16
Japan		
Discount	0.50	0.50
Call money	0.43	0.41
3-month interbank	0.54	0.53
Britain		
Bank base rate	6¼	6.00
Call money	n.a.	6.00
3-month interbank	6 7/16	6⅛
France		
Intervention rate	3.10	3.10
Call money	3 1/16	3⅛
3-month interbank	3⅜	3 5/16
Germany		
Lombard	4.50	4.50
Call money	3.12	3.10
3-month interbank	3.23	3.23

Gold	May 9	May 2	% Ch'ge
London p.m. fix $	345.85	339.65	+1.83

Euromarts

Eurobond Yields

	May 9	May 2	Yr high	Yr low
U.S. $, long term	7.02	7.06	7.08	6.53
U.S. $, mdm term	6.62	6.80	6.83	6.10
U.S. $, short term	6.42	6.43	6.50	5.96
Pounds sterling	7.55	7.66	7.75	7.09
French francs	4.85	4.99	5.02	4.66
Italian lire	7.29	7.45	7.78	6.98
Danish kroner	5.69	5.72	5.92	5.38
Swedish kronor	5.51	5.50	5.61	4.82
ECUs, long term	6.42	6.23	6.50	5.96
ECUs, mdm term	5.25	5.30	5.36	4.78
Can. $	6.22	6.39	6.51	5.70
Aus. $	7.43	7.47	7.86	7.11
N.Z. $	7.68	7.97	8.39	7.19
Yen	1.76	1.64	1.94	1.64

Source: Luxembourg stock exchange.

Weekly Sales May 8

Primary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	167.5	763.2	1,214.8	[illegible]
Convert.	79.2	11.7	172.0	1,040.8
FRNs	140.0	481.2	608.0	201.1
ECP	8,024.0	5,351.4	10,222.5	5,543.9
Total	8,410.7	6,608.0	12,217.3	7,786.0

Secondary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	22,481.5	14,682.3	82,519.7	22,254.8
Convert.	623.6	1,068.5	2,893.9	1,167.2
FRNs	17,914.4	6,021.2	49,396.1	3,949.0
ECP	13,815.7	9,788.6	18,312.6	17,439.1
Total	55,235.2	31,560.6	153,122.3	44,810.1

Source: Euroclear, Cedel Bank.

Libor Rates

	1-month	3-month	6-month
U.S. $	5 11/16	5 13/16	5 15/16
Deutsche mark	3⅛	3 3/16	3¼
Pound sterling	6 5/16	6½	6⅝
French franc	3 5/16	3½	3⅝
ECU	4⅛	4 5/16	4 5/16
Yen	9/16	9/16	11/16

Sources: Lloyds Bank, Reuters.

Greenspan the Grinch? Look Again, Experts Say

Economists Point to Flexibility on Inflation

By Richard W. Stevenson
New York Times Service

WASHINGTON — In nearly 11 years as chairman of the Federal Reserve, Alan Greenspan has developed a reputation as the Grinch, an economic killjoy railing against "irrational exuberance," willing to sacrifice jobs and the nation's full growth potential to spare Wall Street millionaires from the merest whiff of inflation.

Mr. Greenspan's image has been softened only slightly by the widespread acknowledgment that his quest for price stability has provided the foundation for more than six years of steady expansion and a current unemployment rate of 4.9 percent, the lowest in 23 years.

But now economists and other students of the central bank are starting to offer a revisionist view of Mr. Greenspan, one that paints him as far more flexible in his approach to fighting inflation than his reputation — and his own public statements over the years — may suggest.

Over the last year in particular, Mr. Greenspan has prodded the Fed to consider whether sweeping changes like the huge investments by businesses in technology might have given the economy greater capacity for noninflationary growth than conventional theories might hold. And as growth surged, ebbed and surged again over the last year, he held off against considerable pressure from colleagues within the Fed to raise rates earlier and more sharply than the Fed ultimately did when it increased rates a quarter of a point, to 5.5 percent, on March 25.

"The image of Alan Greenspan as a chairman who cares only about beating down inflation no matter what the cost in terms of growth and employment is wildly at variance with the actions of the Federal Reserve under his leadership," said Alan Blinder, a former Fed deputy chairman who is now an economics professor at Princeton University.

No one is arguing that Mr. Greenspan has gone soft on inflation, and the long series of rate increases he engineered in 1994 and early 1995 is evidence of his willingness to take unpopular action to squelch any threat from rising prices.

Indeed, Mr. Greenspan can probably afford to be open-minded about the nation's capacity to grow without inflation only because he has built such inflation-fighting credibility in the financial markets.

And the limits of Mr. Greenspan's pragmatic approach may be revealed on May 20, when the central bank must decide whether growth remains so strong that it justifies another rate increase, even though, as Mr. Greenspan himself put it in a speech Thursday night, "There is scant evidence of any imminent resurgence of inflation."

But some economists consider it a telling sign of Mr. Greenspan's pragmatism that the Fed would even be debating whether another rate increase is necessary, given that unemployment is so low and that growth was 5.6 percent in the first quarter and 3.8 percent in the preceding quarter, well above what most economists see as the economy's "speed limit" of around 2.25 percent.

"He's not a monetary theoretician, he's a detail man, and that's what makes him open to this kind of shift," said David Jones, chief economist at Aubrey G. Lanston & Co., an investment firm. "My sense is that he's willing to continue this experiment and perhaps be more moderate in any tightening steps he takes and to spread them over a longer period of time."

As he has surveyed the economy over the last few years, Mr. Greenspan has expressed doubts about the widely held notion that there is a fixed rate of employment below which inflation will inevitably begin rising. He has asked whether official statistics might be understating improvements in productivity, a critical component in measuring the economy's capacity to grow without igniting inflation. And he has frequently argued that the nation's primary inflation gauge, the consumer price index, significantly overstates increases in the cost of living, meaning that price pressures could be even more quiescent than they appear.

"Greenspan to his credit is trying to deal with a world that may have changed," said Mickey Levy, chief economist at Nationsbank Capital Markets in New York. Even Mr. Greenspan's well-known unwillingness to speak in plain English is giving way to new clarity.

Although he still hedges his bets in publicly assessing the likelihood of interest rate changes, he has responded to congressional criticism that the Fed is too secretive by more frequently laying out in relatively unambiguous terms his view of the economy and his rationale for policy shifts.



James Ahs from The Washington Post

Alan Greenspan, the Fed chairman, has been given a softer image.

Bonn Raises Forecast For Unemployment

Benefit Payouts Jeopardize EMU Entry

Reuters

BONN — Germany said Sunday that it was raising its unemployment forecast for 1997, an increase that tears a hole in the government's budget and hurts the country's chances of meeting the fiscal criteria for the single European currency.

A spokesman for the Finance Ministry said the government had lifted its forecast for average unemployment this year by about 120,000 from an earlier prediction of 4.1 million.

He said the government had made a number of other revisions, which he declined to detail. But he said Germany was sticking with its estimate that gross domestic product would rise by 2.5 percent this year.

"We have raised the unemployment forecast for the full year because of the current job market conditions," the spokesman said. He declined to comment on a report Sunday that first-quarter tax revenue would be far below expectations.

The government is to receive a report Thursday detailing first-quarter tax revenue.

The newspaper Welt am Sonntag reported that tax shortfalls to be announced in the report would blow a 20 billion Deutsche mark ($11.76 billion) hole in Finance Minister Theo Waigel's 1997 budget.

"It doesn't make any sense to speculate about these figures beforehand," the ministry spokesman said.

The opposition Social Democratic Party has been saying that the 1997 deficit would be 20 billion DM larger than Mr. Waigel had predicted because of falling tax revenues and the higher unemployment.

Mr. Waigel said late last month that the shortfall could be 10 billion DM larger than expected but would "definitely not" be as high as the Social Democrats' estimate.

Welt am Sonntag quoted Finance Ministry sources as saying that high unemployment and weak consumer demand had led to the gloomy budget outlook.

"It could be 20 billion DM plus who knows how much," the newspaper quoted one ministry source as saying.

Mr. Kohl, who has been counting on a decline in unemployment from its post-war high this year, admitted last week that he saw no turnaround in the rising jobless trend this year.

"This year will not bring a change in the trend for the labor market, especially not as high as I would wish," Mr. Kohl said. But he said the government still aimed to halve unemployment by 2000.

"It is our goal," he said. "I cannot say whether it will be reached."

The number of unemployed fell by 130,000 in April from March, to 4.347 million, a rate of 11.3 percent. But the jobless total was still 480,000 higher than a year earlier. Stripping out seasonal factors, unemployment rolls grew by 8,000.

Containing unemployment is a key factor in Germany's bid to cut state borrowing this year to qualify for European monetary union, which is scheduled to start in 1999.

Government projections, which foresee cutting the fiscal deficit below the Maastricht treary limit of 3 percent of gross domestic product, assume average joblessness of 4.1 million in 1997.

But unemployment far above that level so far this year has already blown the Federal Labor Office's jobless benefits budget for the entire year.

Rich German States Pursue Protection From EU Penalties

Reuters

BONN — Several prosperous German states want to make sure they will not have to pay for sanctions that would be levied on any European country using the single currency that fails to keep its deficit and debts within agreed limits, according to a report published Sunday.

The newsmagazine Der Spiegel said several states, such as Hesse, Bavaria, Baden-Wuerttemberg and North Rhine-Westphalia, want to ensure that should Germany exceed the deficit limits after the currency is introduced, those responsible would pay for the sanctions.

The magazine said that the states want the federal Finance Ministry to be held responsible for the sanctions. Currently, the states and the federal government would share the costs of the penalties, regardless of who is to blame.

Prosperous German states already support poorer states and would be required to make a greater contribution to the sanction payments. Many of the wealthier states already complain that the poorer states are not tackling their deficits with enough energy.

"We want to help," said the Hesse state finance minister, Karl Starzacher, "but it isn't right if those who fulfill the Maastricht criteria and reduce their debts are punished because others don't."

Hesse is trying to draft legislation that would require those states whose deficits exceed debt limits to pay a larger share of the sanctions.

At the European Union summit meeting in Dublin in December, leaders agreed on a stability pact to impose restraints on budget deficits as they completed the technical preparations for the debut of the single currency, the euro, in 1999.

13 of Top 30 Korean Chaebol Report a Loss for 1996

Compiled by Our Staff From Dispatches

SEOUL — The combined net profits of the top 30 industrial groups in South Korea fell by 96 percent in the year ended Dec. 31, battered by an economic slowdown that eroded earnings, according to figures released Sunday by the Fair Trade Commission.

Thirteen of the industrial giants posted a loss for the year, as the combined net profits by the 30 groups dove to 354 billion won ($396.4 million) last year from 8.46 trillion won a year earlier, the commission said.

Liabilities of the conglomerates rose to 347.82 trillion won last year from 272.95 trillion in 1995, while the equity-to-asset ratio fell to 18.2 percent from 20.5 percent a year earlier.

The top 30 industrial groups, or *chaebol*, account for more than half the country's total domestic output.

The 13 that lost money were: Ssangyong, Hanjin, Kia, Hanwha, Kumho, Doosan, Hansol, Jinro, Dongbu, Hanil, Keo Pyung, Miwon and Shinho.

The chaebol were hit by mounting debts and the slowest economic growth in four years. The government expects the economy to grow less than 6 percent this year, against 7.1 percent last year and 8.9 percent in 1995.

The Hanbo and Sammi groups collapsed this year under debts of $8.2 billion. Creditor banks of Jinro group bailed out the country's 19th-biggest chaebol last month.

Total net profits of the 30 chaebol accounted for only 0.17 percent of their total sales, according to their 1996 financial statements reported to the commission.

LG Group, the nation's third-largest chaebol, posted the largest net profit — 360 billion won on sales of 46.67 trillion won. Daewoo, the fourth-biggest chaebol, posted net profit of 329 billion won; Sunkyong, 290 billion; Hyundai, 179 billion won; and Samsung, 129 billion won.

Lotte, Dong Kook Steel Co., Dongbu, Samsung, Hansol and Tongyang were among the most financially healthy chaebol, the commission said.

Meanwhile, the combined pretax losses posted by South Korean securities houses narrowed by 14 percent, to 509.1 billion won, in the year ended March, the Securities Supervisory Board said Sunday. *(Bloomberg, Reuters)*

CYBERSCAPE

For Computer Fanatics, Deep Blue Is Favorite

By Rajiv Chandrasekaran
Washington Post Service

WASHINGTON — Tim Newsome's friends and family — and, he figures, most of the sentient world — are cheering for the human side in the chess match between the world champion, Garry Kasparov, and an IBM computer called Deep Blue.

"They see it as this great man versus machine battle, this fight to defend humanity," said the engineering student at Carnegie Mellon University in Pittsburgh.

But not Mr. Newsome. He's rooting for the machine.

"There's nothing wrong with a powerful computer," argued Mr. Newsome, 19. Such machines, he said, "when taken far enough, can outdo human intuition." People "need to realize they're not the best at everything."

In universities, research labs and offices around the world, a small but dedicated cadre of computer lovers has been discreetly backing Deep Blue this week, often sitting in front of personal computers for hours to follow the action over the Internet. For this crowd, the thought of a Deep Blue victory would be sweet affirmation of their daily efforts to design faster, better, "smarter" computers.

"There's no reason to lose pride over this," contended Gary Katch, 41, a computer networking analyst in Montreal. "I take no umbrage that a pocket calculator can do math better than me. I just see chess as one huge math problem that's been beyond the scope of computers until now."

Whether that's actually true won't be known until late Sunday, when Mr. Kasparov and Deep Blue play the last of their six scheduled games. Mr. Kasparov won the first game, the computer took the second, while the third, fourth and fifth games ended in draws. The winner of the $1.1 million match, which is being held in New York, gets $700,000.

Last February, a less powerful version of Deep Blue beat Mr. Kasparov in their first game, piquing the interest of computer scientists worldwide. The supercomputer, however, went on to lose or tie the remaining games in that match.

With 256 microprocessors and scores of memory chips sitting in a massive, 1.4-ton box, Deep Blue makes many a computer geek drool. To top it off, the computer's software — which uses complex mathematical equations to evaluate 200 million positions each second — also is something that fascinates techies. For decades, designing a device that could beat a chess grandmaster has been a sort of Holy Grail of the computer world.

"I can't even imagine how difficult it is to do something like this," said David Betz, 32, a medical student at the University of California at Davis, who tried to write a chess-playing computer program after graduating from high school. "Getting a computer to out-whip a human is no simple feat. It would be a great accomplishment."

If the computer loses, it could mean its software was not up to snuff — something no self-respecting programmer would wish for. To some, Mr. Kasparov is the ultimate "debugger," a hired gun looking for flaws, or bugs, in the software.

"What's he's actually doing is testing the work of the software engineers," said Kevin Anderson, 34, a programmer for a telecommunications firm who lives in Silver Spring, Maryland. "If Kasparov wins, then it was an 'Oops, we didn't do it right.'"

But Mr. Betz and others rooting for the computer also hope Deep Blue will teach humankind a thing or two.

A supercomputer victory "would represent yet another assault on humanity's arrogant belief in its own supremacy," Mr. Betz said.

Internet address: CyberScape@iht.com

CURRENCY RATES

May 9

Cross Rates

	$	£	DM	F.F.	Lire	D.Fl	B.F.	S.F.	Yen	C$	Pesets
Amsterdam	1.904	3.084	1.1748	0.3334	0.1125	—	5.48	1.3335	1.5635	1.3795	133.08
Brussels					Closed						
Frankfurt	1.7012	2.7582	—	0.2983	0.1011	0.8891	4.8454	1.1937	1.3946	1.2273	1.184
London (a)	1.6194	—	2.7423	9.3516	2.7184	3.0942	56.614	2.513	197.0811	2.2496	231.9386
Madrid	143.638	232.792	84.487	25.036	8.535	75.115	4.004	99.985	117.709	103.77	—
Milan	1,680.61	2,722.70	989.75	293.30	—	879.30	47.995	1,172.88	73.834	1,295.16	11.709
New York (b)	—	1.6226	1.6875	5.691	1,672.00	1.8979	34.81	1.4205	130.20	1.202	143.54
Paris	5.7368	9.298	3.3746	—	0.3499	3.0003	8.1635	3.3945	4.7015	4.1448	3.9945
Tokyo	123.25	199.48	72.33	21.44	8.731	64.20	3.5854	85.46	—	88.98	0.8583
Toronto	1.3918	2.2554	0.8547	0.2465	0.0835	0.7255	0.0397	0.9777	1.155	—	0.975
Zurich	1.4265	2.3099	0.8437	0.2498	0.085	0.7496	4.0824	—	1.1736	1.0259	0.9964
1 ECU	1.1486	0.7093	1.0543	0.3048	1,034.62	2.1981	40.3398	1.6574	140.27	1.2911	165.101
1 SDR	1.3785	0.8369	1.2598	7.3458	2,330.69	2.6484	48.8829	2.0016	171.721	1.884	198.843

Closings in Amsterdam, London, Milan, Paris and Zurich; fixings in other centers; New York rates at 4 P.M. and Toronto rates at 3 P.M.

*a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9986	Greek drac.	269.43	Mex. peso	7.901	S. Afr. rand	4.463
Australian $	1.2862	Hong Kong $	7.7447	N. Zealand $	1.4556	S. Kor. won	893.10
Austrian sch.	11.916	Hung. forint	181.54	Norw. krone	7.0414	Swed. krona	7.6546
Brazil real	1.0646	Indian rupee	35.84	Phil. peso	26.37	Taiwan $	27.68
Chilean peso	0.3234	Indo. rupiah	2427.1	Polish zloty	3.16	Thai baht	26.07
Czech koruna	30.61	Irish £	0.6623	Port. escudo	170.22	Turkish lira	136065
Danish krone	6.504	Israeli shek.	3.4013	Russ ruble	5753.0	UAE dirham	3.6705
Egypt. pound	3.3952	Kuw dinar	0.301	Saudi riyal	3.75	Venez. bolív.	481.00
Fin. markka	5.1104	Malay. ring.	2.5045	Sing. $	1.4398		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6193	1.6185	1.6177	Japanese yen	121.09	120.54	120.01
Canadian dollar	1.3830	1.3776	1.3750	Swiss franc	1.4251	1.4202	1.4185
Deutsche mark	1.6903	1.6865	1.6828				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo).

Chips Are Flawed, Intel Concedes

Compiled by Our Staff From Dispatches

SANTA CLARA, California — Intel Corp. has confirmed that there is a flaw in its Pentium Pro and Pentium II chips, and the company is offering software that corrects the bug.

The flaw causes incorrect identification of some computations when doing advanced math. It is similar to the flaw found in the Pentium chips in 1994 that cost the company $475 million for replacements.

Intel will not need to recall the flawed chips, the company said, adding that it would start shipping revised versions of the chip that do not have the flaw in about six months.

Pentium II is a Pentium Pro chip with added multimedia features and was introduced last week.

Intel also said it would help software developers rewrite programs to compensate for the error when it does come up.

Flaws in a microprocessor, the brains in a personal computer, are relatively common, and Intel routinely identifies them and works with software companies and its own design teams to correct the problems. The chip manufacturing process incorporates the fixes into new designs.

Information about the flaw and the software to fix it is available on the Web site www.intel.com/design/news/flag.

International Business Machines Corp. said the flaw should not have any major impact on its PC customers.

"We currently have no information to believe that this reported anomaly will have a major impact on our customers," said a spokesman for IBM PC Co.

Intel said it would fix the defect in the new chips it makes. Investors shrugged off the flaw, as Intel shares rose 75 cents to $159.50 on Friday. *(Bloomberg, Reuters)*

Bravo Michael!



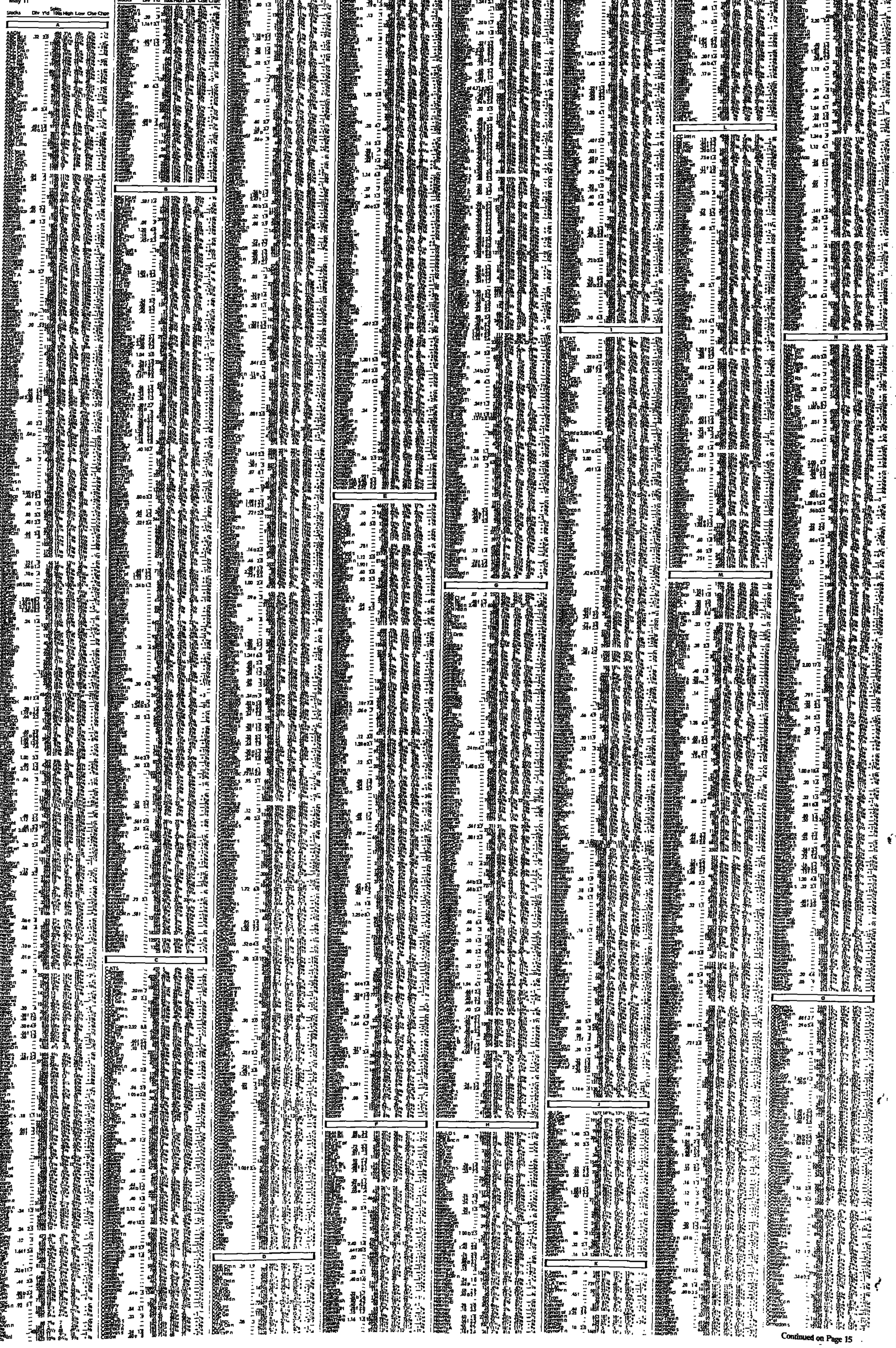
Speedmaster Automatic
Day-Date, AM/PM.
OMEGA – Swiss made since 1848.

OMEGA congratulates its ambassador Michael Schumacher for his superb victory.
Michael Schumacher and OMEGA - sharing the same passion for precision!

Ω OMEGA
The sign of excellence

NASDAQ NATIONAL MARKET

Consolidated prices for all shares traded during week ended Friday, May 11



Continued on Page 15

High Costs
And Imports
Hurt China
Steelmakers

SMOOTH AS SI
TO 37 DESTINA

High Costs And Imports Hurt China Steelmakers

Bloomberg News

BEIJING — These should be the best of times for steelmakers in China, which last year displaced Japan as the world's biggest steel producer.

China's industrial production continues to steam ahead, growing at an annual rate of more than 11 percent in the year to April. The government's plan to invest more than $100 billion in housing, bridges and railroads by 2000 should also stoke demand for steel.

Instead, most Chinese steel companies are losing money, hammered by cheap imports from the former Soviet Union and prices for coal and other raw materials, which went up by more than 10 percent in China last year.

"It's a contradiction," said Zu Xuechao, director of the international trade department of Baoshan Iron & Steel Group. "World steel prices are rising; but in China, they're falling."

In January, the 873 Chinese steel companies lost a total of 341 million yuan ($41.0 million), the Ministry of Metallurgical Industry said. Last year, when China produced 100.2 million tons and Japan 98.77 million, Chinese producers operated at a profit, but those earnings were down about 70 percent. Chinese imports of rolled steel rose 14.5 percent in 1996, to 16 million tons, compared with 1995, while rolled-steel exports slumped 29 percent, to 1.71 million tons.

"The prices the iron and steel makers are getting are not sufficient, so they can't invest in new equipment," said Hermann Gattinger, general manager of Demag Metal Plant Technology Ltd., a joint venture of Baoshan and Mannesman AG. Baoshan's cold-rolled steel plant in Shanghai sells coiled products for about $400 a ton, compared with about $330 a ton for similar quality from Russia and Kazakstan, he said.

INCORPORATE
SINCE 1899
IN THE U.S.A.
Protect Your Personal Assets
• Incorporate in any state, including Delaware, Nevada & Wyoming
• LLC's (Limited Liability Companies)
• In as little as 48 hours
Corporate Agents, Inc.
Fax (302) 998-7078
CompuServe GO INC
http://www.corporate.com
302-998-0598

The World According to Host Bill Gates

By Carey Goldberg
New York Times Service

SEATTLE — Bill Gates, the richest man in America and considered by some the most important man in the world, has put in his bid to become the host with the most — the most ability to pack the most chief executives and political heavyweights into one party of his creation.

The Microsoft Corp. "CEO Summit," held here Thursday and Friday, drew Vice President Al Gore; Steve Forbes; Reed Hundt, chairman of the Federal Communications Commission, and more than 100 other VIPs from 25 countries and a constellation of businesses and industries.

The gathering featured a dinner Thursday at Mr. Gates's futuristic mansion-in-progress on Lake Washington that brought a buzzing pack of maritime onlookers by boat and Jet Ski. Guests arrived by cruise boat.

The formal purpose of the conference, Microsoft officials said, was to explore how technology is changing the world of business and to share Mr. Gates's vision of the future.

Paul Hazen, chief executive of Wells Fargo & Co., said: "There was a common search for just what should be the dimension of the CEO's competence in knowing enough about technology to deal with how to integrate technology into the organization."

But in practice, the conference provided participants and distant observers a new glimpse at a subject of endless fascination: the world according to Gates.

Guests toured the offices of Microsoft, the company that Mr. Gates co-founded in 1975 and that earned more than $2 billion in 1996. Even better, they got a rare inside look at Mr. Gates's technomansion, designed in many ways as the house of the future.

One guest said Mr. Gates had given a tour of his library, which includes a famous notebook by Leonardo da Vinci and voluminous papers of Napoleon.

The house, Mr. Hazen said, is so full of beautiful wood and detail that those touches seemed to upstage such high-tech features as the huge video screen that took up a full wall in the dining room.

In his speech, Mr. Gates basically covered ground that he had already set out in his best-selling book, "The Road Ahead." He warned that people tend to focus too much on how technology will change in two years and not enough on how it will change in 10, and he spoke of a need for companies to create systems that transmit information so quickly that they are like "digital nervous systems."

If there was one particularly intriguing aspect to the gathering, it was the guest list, which was supposed to be secret but was posted by Hotwired, the on-line offshoot of Wired magazine. The list included no one from International Business Machines Corp., for example; Ford Motor Co. was represented but not General Motors Corp. or Chrysler Corp. Many of the omissions or inclusions could be explained by the enmities and alliances of Microsoft.

Technology companies were heavily represented, but it was nonetheless somewhat surprising when Mr. Gore welcomed the presence of General Kenneth Minihan, head of the National Security Agency, the supersecret government eavesdropping service.

Mr. Gore told the conference how "two changes, globalization and the revolution in information technology, have combined to create a new age with an entirely new business reality."

Both Mr. Gore and Mr. Gates struck a positive chord: that among the effects of changing technology was a great new value placed on workers themselves, the human capital without which the technology is worthless.



Diane Bondareff/The Associated Press

Bill Gates, left, introducing Vice President Gore to the gathering in Seattle.

SHORT COVER

Hong Kong Dollar's Peg to Remain

FUKUOKA, Japan (IHT) — The chief of the Hong Kong Monetary Authority, Joseph Yam, said Sunday that the Hong Kong dollar would remain pegged to the U.S. dollar after the British colony reverts to Chinese sovereignty July 1.

"Fixed rates are here to stay," Mr. Yam said. One U.S. dollar now equals 7.80 Hong Kong dollars. "We are not 100 percent sure," he said. "We are 600 percent sure."

Moreover, Mr. Yam said, Beijing will have no influence over Hong Kong's $60 billion to $70 billion in currency reserves.

Separately, in meetings on the sidelines of the Asian Development Bank's annual meeting, the governor of the Chinese central bank, Dai Xiang, stressed Beijing's determination to protect Hong Kong's stature as a major financial center.

SAP to Curtail Trading by Workers

BONN (Reuters) — SAP AG, the software company embroiled in an insider trading investigation, plans to curb trading in its shares by its own employees, the German weekly magazine Focus reported in its weekend issue.

"We want to put all employees under the obligation not to trade in SAP shares in the dangerous three weeks at the end of each quarter," SAP's chief executive Dietmar Hopp told Focus. Mr. Hopp said anyone who broke the rule, which also covered top-ranking employees, could be fired.

Bonn Fines Cable Firms Over Prices

BERLIN (Bloomberg) — The German Federal Cartel Office has imposed a record price-fixing fine of 260 million Deutsche marks ($152.8 million) on a group of electric-cable makers.

The companies include the German unit of Alcatel Alsthom of France and a subsidiary of Siemens AG, Germany's largest electronics company, the all-news television channel N-TV reported.

U.K. Post Privatization Ruled Out

LONDON (Reuters) — The new British industry secretary, Margaret Beckett, ruled out on Sunday any privatization of the postal system.

Ms. Beckett, who is president of the Board of Trade, said selling the post office "fails the public interest test."

Cellular Phone Stocks Get a Second Look

By Sana Siwolop
New York Times Service

NEW YORK — Cellular telephone stocks used to be market darlings, but for the last few years they have been causing many investors to hang up and call elsewhere.

Granted, the industry had U.S. sales totaling $24 billion last year and increased its number of customers by 30 percent. But as the industry has become more competitive, price-cutting is reducing average customer revenue.

The industry is also threatened by personal communications services, or PCS, which are similar to cellular services but are transmitted at a higher radio frequency. While PCS providers are not expected to generate profits for at least four to six years, their pocket-sized devices hold the promise of delivering digital phone service as well as data, fax and messaging.

But these trends may have pushed cellular stocks down too far. Generally, like the shares of other fast-growing companies, cellular-service companies trade at premiums to the market. But many analysts say they are 20 percent to 50 percent below where they should be.

"The pendulum has swung too much in the other direction," said Gregory McCrickard, manager of the T. Rowe Price OTC fund. One

INVESTING

stock he likes, Western Wireless Corp., finished Friday at $11.00, near its 52-week low of $10.125.

Good cellular operators to explore, many analysts say, are the relatively small ones that have seen their stock prices plummet even though they are somewhat shielded from the general pressures affecting the industry.

These include companies that conduct much business abroad, where demand is generally growing faster and price-cutting pressures are thus less strong. They also include companies that focus on rural and suburban markets, which PCS companies are bypassing to turn their sights on the large cellular players in major cities.

AirTouch Communications Inc., which was spun off from Pacific Telesis Group in 1994, is one such company. In mid-April, AirTouch announced a long-awaited, $5 billion deal to buy the cellular business of the U S West Media Group.

While AirTouch has many customers in large urban U.S. markets, it also has a significant international presence.

Mr. McCrickard notes that Western Wireless, which also holds a number of PCS licenses, has a cellular presence in 57 rural areas, particularly in such Western states as Idaho and Montana. He said the rural sector was promising because of its less competitive nature.

Of course, price cuts and growing competition from a different technology are never happy news; investors should expect cellular stocks faced with such problems to fall to some extent. But the price cuts may turn into a blessing, said Kevin Condon of Bankers Trust Securities, because they will eventually lure more cellular customers.

400 Layoffs Loom at Busang

Compiled by Our Staff From Dispatches

JAKARTA — About 400 people reportedly will be dismissed this week at the Busang gold project in Indonesia, where claims to have found the richest gold deposit this century were found last week to have been massive hoax.

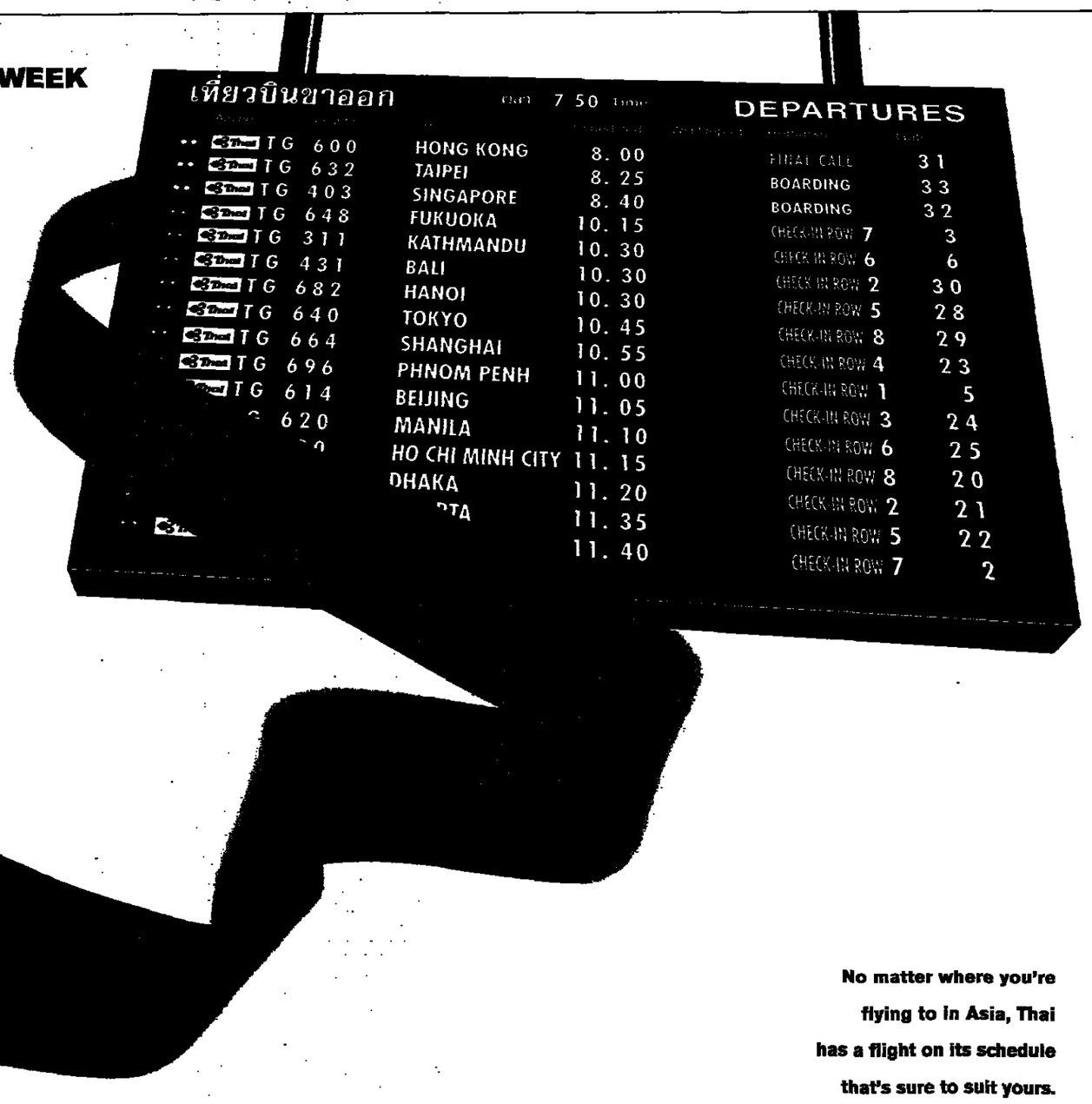
"We received confirmation three days ago regarding their layoff, which is to be done on May 15," the head of administration at Bre-X Minerals Ltd. in Busang was quoted as saying by the official Antara news agency.

Bre-X, based in Calgary, Alberta, filed for protection from creditors Thursday, four days after an analysis found that its Indonesian gold claim was worthless.

The Canadian trade minister, Art Eggleton, discussed the Bre-X affair over the weekend with his Indonesian counterpart, Tunky Ariwibowo. The ministers were attending a meeting of the 18-member Asia-Pacific Economic Cooperation forum.

The two countries "both want to get to the bottom of what happened and find out all the details with respect to Bre-X," Mr. Eggleton said. His remarks were echoed by Mr. Tunky, who described the affair as a one-time incident that would not hinder bilateral ties. *(AFP, Bloomberg)*

SMOOTH AS SILK IS 827 FLIGHTS EVERY WEEK TO 37 DESTINATIONS IN ASIA.

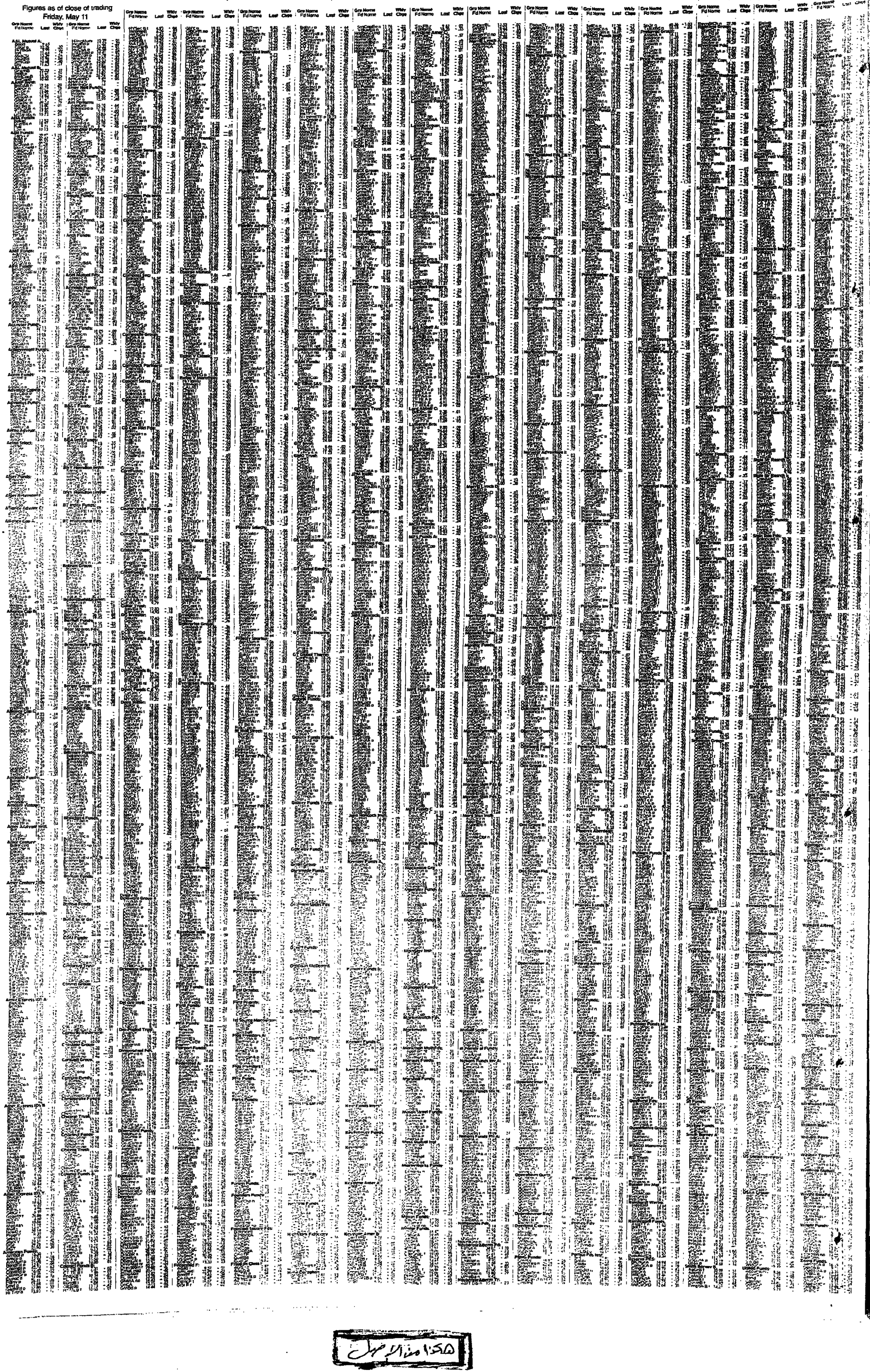


No matter where you're flying to in Asia, Thai has a flight on its schedule that's sure to suit yours. We fly to more countries in Asia than any other airline with 827 flights every week to 37 destinations. Thai. Smooth as silk.

Thai

MUTUAL FUNDS

Figures as of close of trading Friday, May 11



NASDAQ NATIONAL

Consolidated prices for all shares traded during week ended Friday May 11

(Continued)

DENNIS THE MENACE

JUMBLE

VERAG SOMEO THRAHE LEWFOL

INTERNATIONAL FRANCHISES
Appears every Wednesday in The Intermarket.
To advertise contact Judith Kunz in our New York office
Tel: (1-212) 752-3890
Fax: (1-212) 755-8785
or your nearest IHT office or representative.

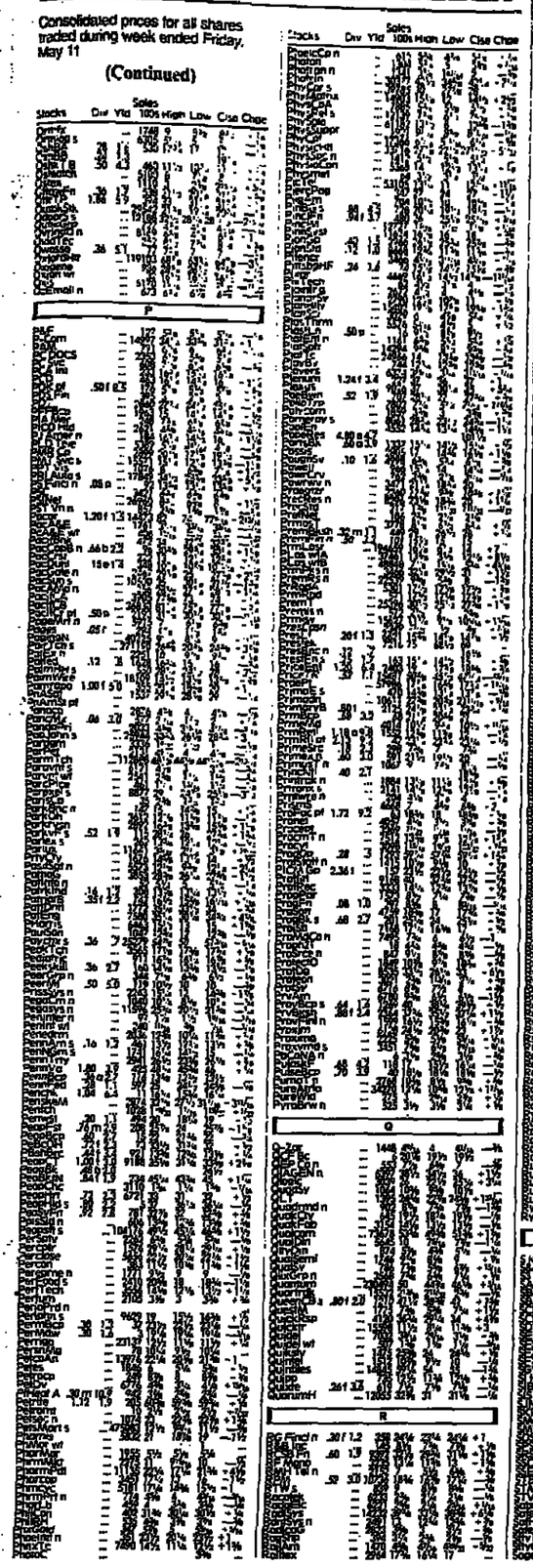
The Newspa

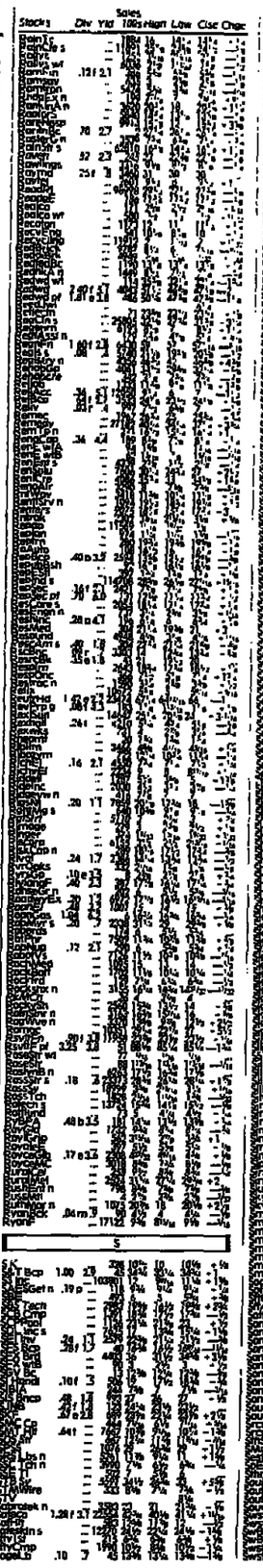
Reachi

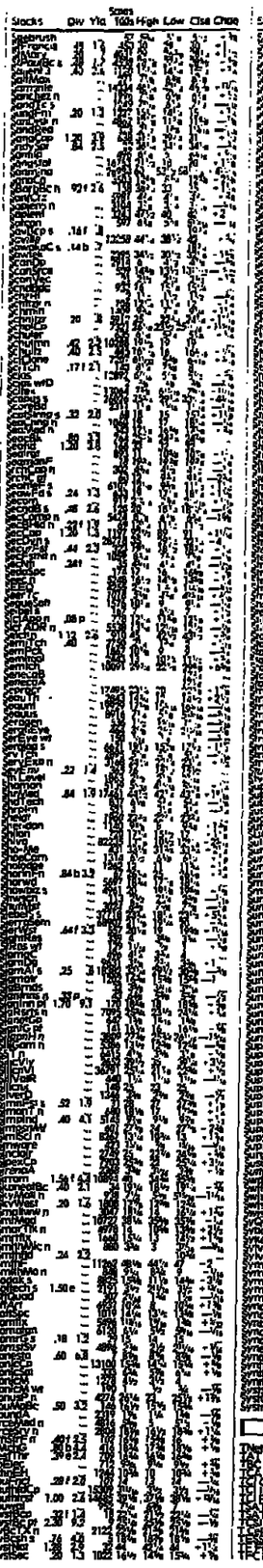
NASDAQ NATIONAL MARKET

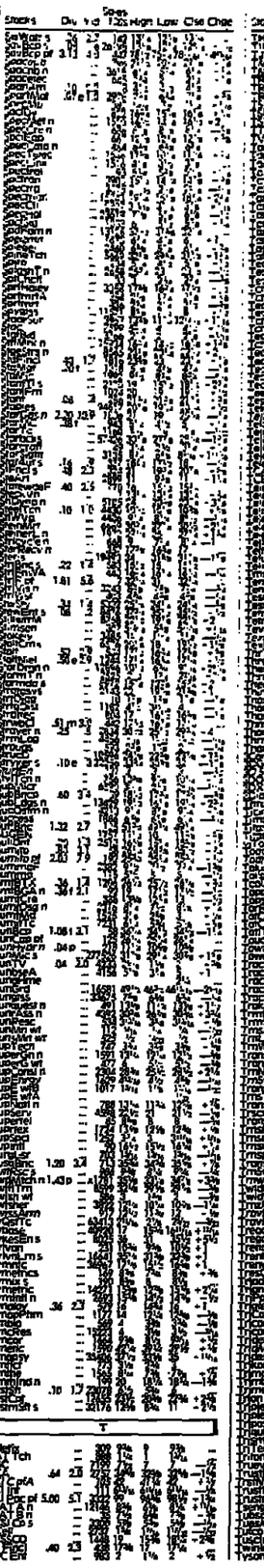
Consolidated prices for all shares traded during week ended Friday, May 11

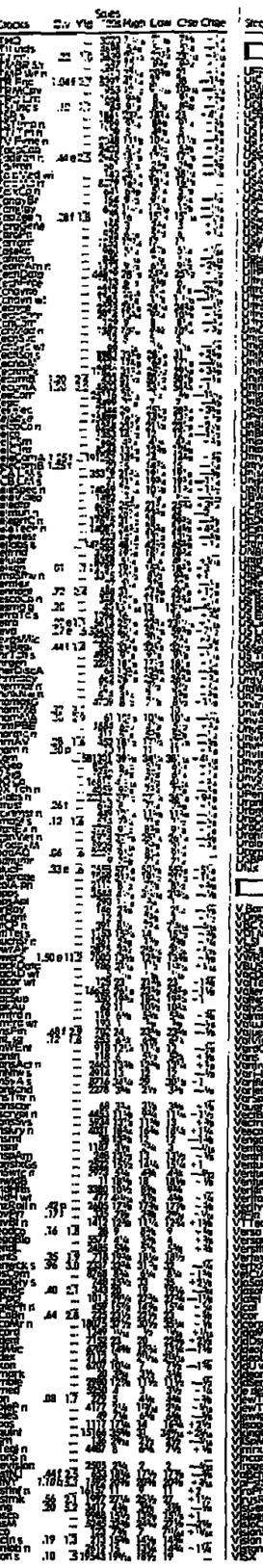
(Continued)

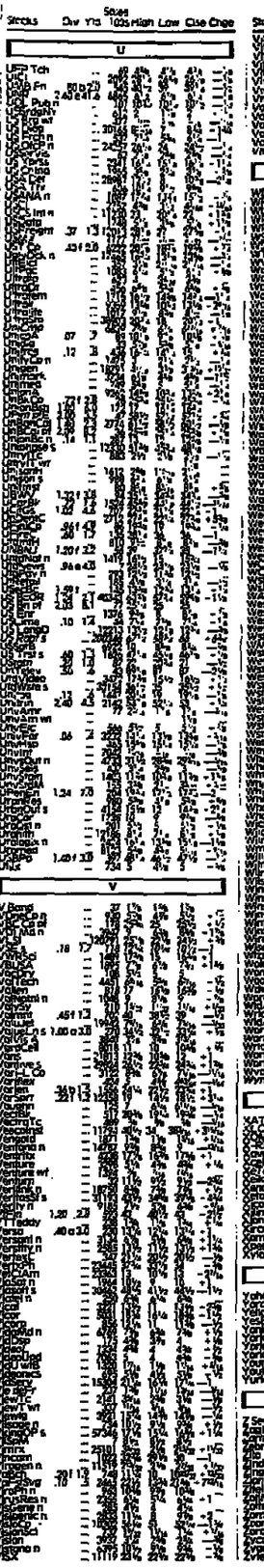


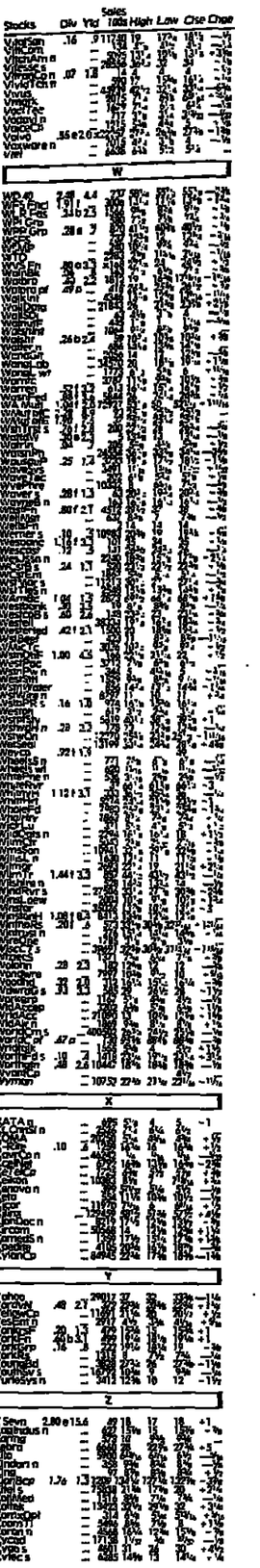












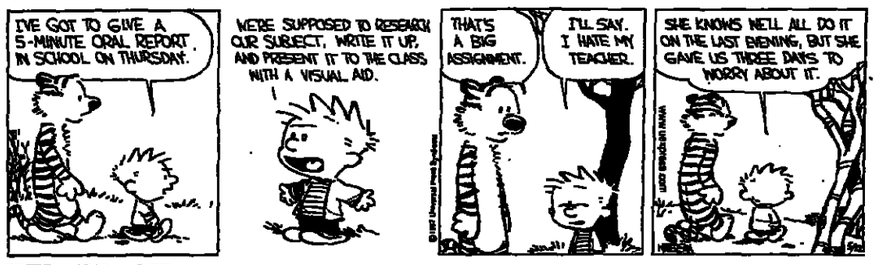
DENNIS THE MENACE



PEANUTS



CALVIN AND HOBBES



GARFIELD



WIZARD of ID



JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

VERAG

SOMEO

THRAHE

LEWFOL



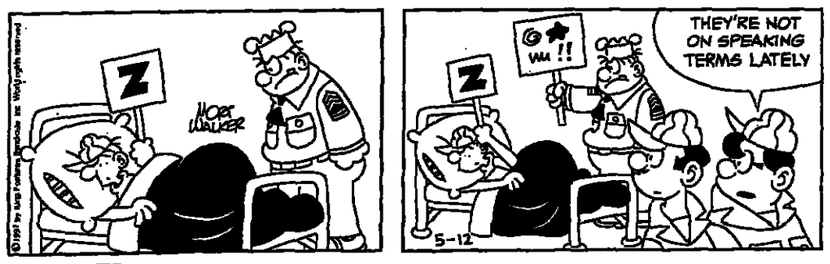
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here : THEY "_____"

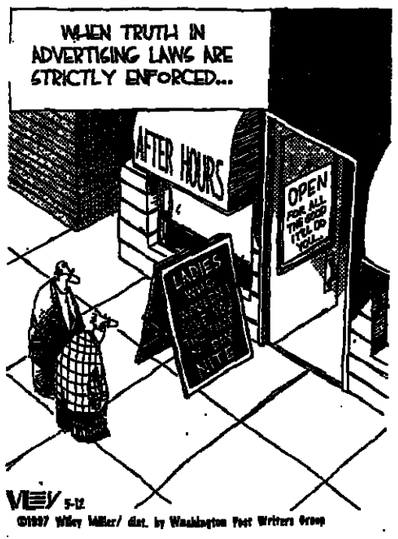
(Answers tomorrow)

Saturday's Jumbles: ORBIT GUILE LEGACY DRUDGE
Answer: What the insects turned the baby's outing into – A "BUGGY" RIDE

BEETLE BAILEY



NON SEQUITUR



DOONESBURY



BLONDIE



INTERNATIONAL FRANCHISES
Appears every Wednesday in The Intermarket.
To advertise contact Judith King in our New York office
Tel.: (1-212) 752 3890
Fax: (1-212) 755 8785
or your nearest IHT office or representative.

The Newspaper Of Record For The International Mutual Fund Industry

■ Listings - Daily ■ Money Report - Weekly ■
■ Fund Performance Focus - Monthly ■

Reaching Personal Investors In Over 180 Countries.

Herald International Tribune
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST
THE WORLD'S DAILY NEWSPAPER

In a Comeback, Pierce Takes the Italian Open

Sidelined by an Injury, Martinez Fails In Bid for Her 5th Consecutive Victory

Compiled by Our Staff From Dispatches

ROME — Mary Pierce thwarted Conchita Martinez's bid for a fifth consecutive Italian Open title Sunday, beating the Spaniard in straight sets, 6-4, 6-0, in the clay-court tournament.

Pierce, who had knocked out the top seed, Monica Seles, earlier in the week, made few mistakes and used her powerful groundstrokes to good effect against an opponent hampered by injury.

Martinez, who had won this tournament every year since 1993, needed physiotherapy for a muscle problem around the nape of her neck and her right shoulder blade.

She nevertheless played the doubles final with Patricia Tarabini of Argentina later in the day. They lost, 6-2, 6-4, to Nicole Arendt of the United States and Manon Bollegraf of the Netherlands.

It was Pierce's first tournament victory in two years.

"But it was easier than I expected, I think because she got a little bit hurt," Pierce said. "It was kind of weird."

Martinez first received treatment in the fifth game. She had managed to break for a 3-2 lead when Pierce sent a forehand wide. Martinez surrendered her own service in the following game when she netted a backhand, and slipped again to trail 3-5.

Pierce netted an easy slice at point-blank range for 4-5, but she broke back immediately to seal the set when Martinez drove a barreling forehand straight into the net.

In the second set, Martinez was unable to move or strike the ball with any power or conviction, allowing the 10th seed to seal the match after 70 minutes.

In men's tennis, Andrei Medvedev demolished 10th-seeded Felix Mantilla, 6-0, 6-4, 6-2, in less than 90 minutes Sunday to take the German Open title for the third time in four years.

The unseeded Medvedev's surprisingly one-sided victory was his fourth in five matches against a seeded player.

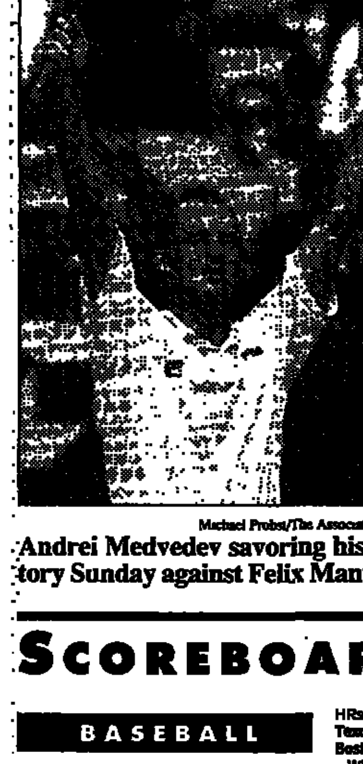
The thunderous power of Medvedev's first serve and forehand drive, the creativity of his drop shots and his imaginative forays to the net proved too much for Mantilla.

It was the first ATP Super Nine tournament final for the Spaniard, and he was quickly overwhelmed.

Medvedev, ranked 38th in the world, took the first set in just 17 minutes. It took 41 minutes for the dogged Mantilla to win his first game.

Of the second set, Medvedev said: "The crucial game was that one at 5-4. It was easier for me after that because I felt I finally had the mental edge."

The Ukrainian was in charge again throughout the third set. *(AP, Reuters)*



Michael Probst/The Associated Press

Andrei Medvedev savoring his victory Sunday against Felix Mantilla.



Rudi Blaha/The Associated Press

Players on Sweden's national team congratulating each other after scoring their third goal of the game Sunday against Canada in Helsinki.

Sweden Nips Canada To Lead Series, 1-0

The Associated Press

HELSINKI — Rallying from a one-goal deficit, Sweden beat Canada, 3-2, on Sunday to take a 1-0 lead in the finals of the World Hockey Championships.

The best-of-three series for the gold medal continues Tuesday, with a third game, if necessary, to be played Wednesday.

The two countries met in the 1994 Olympic final, when a penalty shoot-out in overtime gave Sweden a 3-2 victory and the gold medal.

On Sunday, Canada and Sweden traded a pair of power-play goals in the opening period. First, Mark Recchi of the Montreal Canadiens banged a blue-line slapshot into the lower right side of the net past Sweden's goalie, Tommy Salo, at 10:54.

A minute and 23 seconds later, Sweden tied the game when Jonas Hoglund picked up a rebound from the pads of Canada's goalie, Sean Burke, and fired a shot from the right face-off circle into the net.

Sweden took a 2-1 lead on a power-play breakaway by Niklas Sundblad at 15:47 of the middle period. Sundblad received a perfect cross-ice feed from Marcus Ragnarsson, who had intercepted a Canada pass in his defensive zone.

At 16:05 of the final period, Marcus Thuresson knocked in a rebound after Burke left the net wide open by falling forward after saving a breakaway shot.

Seconds after that goal, a brawl broke out that resulted in the ejection of Cory Cross of Canada.

Canada pulled its goalie for an extra player with 60 seconds remaining in the game, and the gamble paid off as Anson Carter of the Boston Bruins deflected a long-range shot between Salo's pads, narrowing Sweden's lead to 3-2.

Canada continued playing without Burke, but failed to score in the frantic last seconds of the match.

"Defensively, we played a perfect game," said Kent Forsberg, Sweden's coach. "We can win the championships on Tuesday."

Canada, seeking its 21st world title, was at full strength Sunday with the return of Owen Nolan and Shean Donovan who had received one-game suspensions for their roles in a brawl during a game against the Czech Republic.

Sweden beat Canada, 7-2, in round-robin play earlier in the tournament.

Canada's coach, Andy Murray, said, "Sweden has been the best team at the tournament, and one has to play much better to beat them." He added that his team's plane tickets were reserved for Thursday and "we are not changing that."

The Czech team won the bronze medal Saturday by edging Russia, 4-3, on a goal by Jiri Dopita with 1:50 remaining. The Czechs won the title last year.

Crespo Keeps Parma on Course for the Showdown

Compiled by Our Staff From Dispatches

Hernan Crespo scored all three goals as Parma beat Vicenza, 3-0, Sunday, to remain four points behind Juventus of Turin in Italy's Serie A with four games to play.

Juventus continued its late-season struggles but scored a goal late in each half for a difficult 2-0 victory at next-to-last Verona.

The top two clubs clash in Turin next Sunday.

Crespo raised his tally to 10 goals in his last nine games. The Argentine turned in midfielder Massimo Crippa's cross in the 15th minute, sent a diving header just under the crossbar in the 56th, and finished off a brilliant individual run five minutes later. Parma's defense took care of the rest, recording its league-high 18th shutout of the year.

In Verona, central defender Ciro Ferrara's firm header gave Juventus the lead in the 44th minute, ending Verona's four-match shutout streak. Yugoslav midfielder Valdimir Jugovic sealed the victory s with a free kick in second-half injury time.

At the other end of the standings, Reggiana lost to AC Milan, 3-1, and became the first team assured of relegation to the second division. Reggiana returns to Serie B after one season in the top flight.

Elsewhere, Maurizio Ganz came off the substitutes' bench to score twice, rallying Internazionale of Milan to a 2-

EUROPEAN SOCCER

1 win at Sampdoria of Genoa. Inter stayed in third place, while Sampdoria slipped in the race for UEFA Cup places.

NETHERLANDS PSV Eindhoven remained on track for its 14th Dutch league title with a hard-fought 1-0 victory Sunday at FC Groningen.

Second-placed Feyenoord Rotterdam conceded a late goal at home to FC Twente Enschede to draw 1-1 and slipped four points behind PSV with three matches remaining.

Defender Stan Valckx's 56th minute strike took PSV to victory at Groningen and guaranteed the Eindhoven a top-two finish and a place in the Champions League next season.

FRANCE Goalkeeper Bruno Valencony was Nice's hero with two penalty saves as it beat Guingamp, 4-3, in a shootout to win the French Cup for the third time.

The last soccer final at the Parc des Princes ended in a 1-1 draw after extra time.

Nice, relegated from the first division, will play in the European Cup Winners' Cup as a second division side next season.

Nice also won the cup in 1952 and 1954 and were losing finalists in 1978.

Valencony saved Guingamp's first penalty from Stephane Carnot, the substitute who had brought his side back into the match in the second half with his deft promptings from midfield and dangerous free kicks and corners.

After defender Luis Gomis shot Nice's fourth penalty over the bar, Valencony saved again from Claude Michel and Dutchman Arjan Vermeulen sealed victory by converting the last spot kick.

Earlier, Nice opened the scoring after its first deep incursion into Guingamp territory in the 21st minute. Defender Youssef Salimi rose to head home a corner taken by midfielder Thierry de Neef.

Guingamp, playing in its first final, equalized 13 minutes from time through defender Nicolas Laspalles, one of their best players, who broke past the defense to beat Valencony with a fierce shot after Nice failed to clear a free kick by Carnot.

SCOTLAND Glasgow Rangers ended its Scottish premier division season in defeat on Saturday, three days after securing its ninth consecutive league title.

The champion lost, 3-1, to Hearts in Edinburgh.

All the goals came in the last 10 minutes, Colin Cameron putting Hearts ahead in the 80th before Derek McInnes equalized 60 seconds later.

John Robertson then swung the match Hearts' way by scoring from a penalty in the 82d minute and adding his second goal in the 86th.

Rangers finished the premier division program five points clear of runners-up and city arch-rivals Celtic who beat Dundee United, 3-0.

GREECE Olympiakos Piraeus beat AEK Athens, 2-0, to clinch the Greek first division title for the first time in after 10 years. With only two games left, Olympiakos holds a 12-point lead over AEK.

Alecos Alexandris gave Olympiakos the lead in the 12th minute. After 25 minutes goalie Ilias Atmatzidis downed Vassilis Karapialis in the penalty area. Atmazidis was sent off and Serbian midfielder Predrak Ciorcevic converted the penalty to put Olympiakos up 2-0.

Resting Devils Get Good News

Compiled by Our Staff From Dispatches

After the misfortune of having three goals disallowed and a cross-check to Doug Gilmour by Mark Messier go unpenalized, the Devils got their first big break in their series with the Rangers — on a day when no games were played.

The National Hockey League told the Devils on Saturday that John MacLean would not be suspended for breaking Niklas Sundstrom's left arm with a two-handed stick slash in the final minutes of Game 4 on Thursday night.

Brian Burke, the league's senior vice president in charge of discipline, said the incident had not been adequately captured on videotape.

The Stanley Cup semifinals resumed Sunday when the Rangers played in New Jersey, the Philadelphia Flyers played in Buffalo and the Colorado Avalanche entertained the Edmonton Oilers.

In Friday games, Ed Ronan scored 6:24 into overtime as the Sabres beat the Flyers 5-4 to avoid a four-game sweep. In Edmonton, Claude Lemieux scored his ninth playoff goal 8:35 into overtime as Colorado beat Edmonton 5-4 to take a 3-1 series lead. *(NYT, AP)*

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION	W	L	Pct.	GB
Baltimore	22	11	.667	—
New York	20	16	.556	3½
Toronto	18	15	.545	4
Boston	15	19	.441	7½
Detroit	14	21	.400	9
CENTRAL DIVISION				
Milwaukee	17	14	.548	—
Cleveland	17	16	.515	1
Kansas City	17	16	.515	1
Chicago	13	19	.406	4½
Minnesota	14	22	.389	5½
WEST DIVISION				
Seattle	21	13	.618	—
Texas	18	14	.562	2
Anaheim	14	18	.437	6
Oakland	15	21	.417	7

NATIONAL LEAGUE

EAST DIVISION	W	L	Pct.	GB
Atlanta	24	11	.686	—
Florida	19	16	.543	5
Montreal	17	16	.515	6
New York	18	18	.500	6½
Philadelphia	12	22	.353	11½
CENTRAL DIVISION				
Houston	20	16	.556	—
Pittsburgh	19	16	.543	½
St. Louis	16	19	.457	3½
Cincinnati	11	23	.324	8
Chicago	10	24	.294	9
WEST DIVISION				
Colorado	21	13	.618	—
San Francisco	20	13	.606	½
Los Angeles	20	13	.606	½
San Diego	13	20	.394	7½

FRIDAY'S LINE SCORES

AMERICAN LEAGUE

Cleveland 010 002 200—5 8 1
Detroit 000 000 000—0 7 1
Nagy and S. Alomar; Sager, J. Cummings (6), Miceli (7), M. Myers (8), Brocail (9) and Casanova. W—Nagy, 5-2. L—Sager, 2-2. HRs—Clev., Ma.Williams (8), Justice (12).

Texas 000 040 100—5 10 0
Boston 010 000 000—1 5 2
Witt and I. Rodriguez; Wasdin, Lacy (5), Garces (8), Slocumb (9) and Haselman. W—Witt, 6-0. L—Wasdin, 0-1.

Seattle 210 301 001—8 14 0
Baltimore 000 010 100—2 7 0
Moyer, S. Sanders (7), McCarthy (8), Ayala (9) and Marzano; Coppinger, Rhodes (4), Mi.Johnson (6), Boskie (9) and Holles. W—Moyer, 2-0. L—Coppinger, 1-1. HRs—Seattle, Cora (2), Griffey Jr. (15). Baltimore, Surhoff (2).

Toronto 020 001 100—4 8 1
Minnesota 000 100 000—1 6 2
Hentgen, Timlin (9) and Santiago; F.Rodriguez, Trombley (7) and Steinbach. W—Hentgen, 3-1. L—F. Rodriguez, 1-3. Sv—Timlin (3).

Anaheim 100 100 020—4 12 0
Milwaukee 200 100 20x—5 8 0
Hasegawa, DeLucia (7), McElroy (8) and Leyritz; Eldred, Wickman (8), Do.Jones (9) and Matheny. W—Eldred, 4-3. L—Hasegawa, 1-2. Sv—Do.Jones (7). HRs—Anaheim, Leyritz (5), Salmon (5), Erstad (2).

Oakland 001 000 010 0—2 7 1
Chicago 000 002 000 1—3 11 1
Prieto, Groom (8), A. Small (8) and Mayne, Go.Williams (8); Navarro, Levine (8), T.Castillo (8), R. Hernandez (9) and Pena, Kreuter (9). W—R. Hernandez, 2-1. L—A. Small, 4-1. HR—Oakland, Spiezio (5).

Kansas City 000 003 020 002—7 9 1
New York 101 100 200 000—5 12 2
Rusch, J. Walker (7), J.Montgomery (9), Pichardo (10), R. Veres (11) and Mi.Sweeney, Spehr (9); Kn.Rogers, Nelson (8), Boehringer (10), Stanton (12) and Girardi. W—R. Veres, 2-0. L—Boehringer, 1-2. HRs—Kansas City, King (5). New York, Jeter (4).

NATIONAL LEAGUE

Colorado 000 001 000—1 5 0
Philadelphia 000 300 00x—3 7 0
R.Bailey and Manwaring; Maduro, Ryan (8), Bottalico (9) and Lieberthal. W—Maduro, 3-3. L—R. Bailey 4-2. Sv—Bottalico (7). HR—Colorado, L. Walker (13).

Atlanta 000 000 000—0 7 3
Pittsburgh 021 210 03x—9 12 1
Wade, Embree (7), Clontz (8) and J. Lopez; F.Cordova and Kendall. W—Cordova, 2-3. L—Wade, 1-2. HR—Pitts., J. Guillen (4).

Houston 101 000 000—2 7 2
Florida 010 000 011—3 7 2
Kile, Hudek (8), Lima (9) and Eusebio; K.Brown, Powell (8), F.Heredia (8), Nen (9) and Zaun. W—Nen, 2-1. L—Lima, 0-2.

New York 000 300 124—10 11 0
St. Louis 110 010 000—3 9 2
M.Clark, McMichael (7), Kashiwada (9) and Hundley; Stottlemyre, Fossas (8), Batchelor (8), McGraw (9) and Lampkin. W—M. Clark, 4-2. L—Stottlemyre, 1-2. HRs—New York, Huskey (5). St. Louis, D. Young (2).

Cincinnati 010 130 110—7 11 0
San Diego 000 011 000—2 6 2
Smiley, Belinda (8) and J.Oliver; Tl.Worrell, Long (6), D. Veras (8) and Flaherty. W—Smiley, 3-5. L—Tl.Worrell, 2-4. HRs—Cincinnati, J.Oliver (1), W. Greene (4), Boone (1). San Diego, Cianfrocco (2), G.Vaughn (7).

Montreal 100 000 000—1 7 1
Los Angeles 000 000 05x—5 8 0
Hermanson, D. Veres (7), Urbina (8) M.Valdes (8) and Widger; I.Valdes, Radinsky (8), Hall (9) and Piazza. W—Radinsky, 1-0. L—Urbina, 1-2.

Chi. 100 110 000 000 02—5 12 5
S. Fr. 101 010 000 000 00—3 7 0
Trachsel, Casian (6), Wendell (7), Patterson (9), Rojas (9), T.Adams (11), Bottenfield (13) and Servais, M. Hubbard (9); VnLandingham, Tavarez (7), Poole (7), D. Henry (7), Beck (10), R.Rodriguez (11), Roa (13) and Berryhill. W—Bottenfield, 1-0. L—Roa, 1-2. HRs—Chicago, Sandberg (3), Ma.Grace (4), McRae (3). San Francisco, G. Hill (4).

SATURDAY'S LINE SCORES

AMERICAN LEAGUE

Cleveland 000 000 000—0 2 1
Detroit 000 110 40x—6 8 0
Colon, A. Lopez (7), Kline (7), Plunk (7) and Borders; Olivares and B. Johnson. W—Olivares, 2-2. L—Colon, 0-2. HRs—Detroit, Higginson (5), To.Clark (11).

Texas 000 002 306—11 15 0
Boston 102 002 000—5 11 1
Alberro, Vosberg (6), Patterson (6), X. Hernandez (9) and I.Rodriguez; Hammond, Corsi (7), Slocumb (9), Trlicek (9) and Hatteberg. W—Patterson, 4-3. L—Slocumb, 0-2. HRs—Texas, Ju.Gonzalez (2). Boston, M. Vaughn (8).

Kansas City 110 000 000—2 11 1
New York 010 101 02x—5 8 0
Appier, Mt.Williams (8) and Spehr; Mendoza, M.Rivera (9) and Posada. W—Mendoza, 2-1. L—Appier, 4-2. Sv—M. Rivera (12). HRs—New York, Be.Williams (5), O'Neill (6).

Seattle 100 000 010 01—3 11 1
Baltimore 000 100 100 00—2 5 0
Fassero, Charlton (9) and Da.Wilson; Kamieniecki, Orosco (8), A.Benitez (8), Ra.Myers (10) and Webster. W—Charlton, 2-1. L—Ra.Myers, 0-2. HR—Seattle, Cora (3).

Anaheim 011 010 000 0—3 13 1
Milwaukee 000 010 200 1—4 10 0
Dickson, James (7), Holtz (9), DeLucia (10) and Leyritz; Karl, J.Mercedes (7), Villone (7), Fetters (8), Do.Jones (10) and Levis. W—Do.Jones, 3-0. L—DeLucia, 2-1.

Oakland 042 200 000—8 7 1
Chicago 500 000 301—9 17 0
Telgheder, S. Montgomery (7), Acre (7), Groom (7), Taylor (7) and Go.Williams; Drabek, C.Castillo (3), Bertotti (7), Levine (7) and Pena. W—Levine, 2-1. L—Taylor, 1-2. HRs—Oakland, Canseco (6), Batista (2). Chicago, Da.Martinez (2), F. Thomas (4).

Toronto 020 300 010—6 8 0
Minnesota 010 102 000—4 10 2
Clemens, Crabtree and Santiago; Swindell, Jarvis (4), Guardado (7), Naulty (7) and Steinbach. W—Clemens, 6-0. L—Swindell, 2-2. Sv—Crabtree (2). HRs—Toronto, C. Delgado (6), Santiago 2 (3). Minnesota Steinbach (3).

NATIONAL LEAGUE

Chicago 000 000 002—2 8 1
San Francisco 030 001 00x—4 10 1
Telemaco, R. Tatis (6), Wendell (8) and M. Hubbard; Rueter, Poole (9), Beck (9) and R.Wilkins. W—Rueter, 2-0. L—Telemaco, 0-2.

Atlanta 025 000 011—9 12 2
Pittsburgh 001 011 000—3 7 0
Neagle, Bielecki (7), Borowski (9) and J. Lopez; Lieber, Sodowsky (4), Peters (7), Morel (8) and Kendall. W—Neagle, 6-0. L—Lieber, 1-4. HRs—Ch.Jones (3), Blauser (4), J. Lopez (8), Klesko (5).

Houston 100 020 001—4 8 1
Florida 000 110 000—2 9 0
Holt, R. Springer (7), B.Wagner (8) and Ausmus; Helling, Cook (5), Stanifer (6), Hutton (8) and C. Johnson. W—Holt, 4-3. L—Helling, 1-2. Sv—B. Wagner (8). HR—Houston, Biggio (5).

Colorado 000 100 110 1—4 7 1
Philadelphia 020 000 100 2—5 9 1
Ritz, M. Munoz (6), McCurry (7), B. Ruffin (8), S.Reed (10) and Je.Reed; M.Leiter, Spradlin (8), Bottalico (10) and Lieberthal. W—Bottalico, 1-1. L—S. Reed, 0-1. HRs—Colorado, Bates (1). Philadelphia, Daulton (3), Brogna (3).

New York 000 001 100—2 9 0
St. Louis 000 000 000—0 3 2
B.Jones, Jo.Franco (9) and Hundley; Al.Benes, Fossas (8), Frascatore (8) and DiFelice, Lampkin (8). W—B. Jones, 6-2. L—Al.Benes, 3-4. Sv—Franco (9). HR—New York, Olerud (6).

Montreal 000 000 010—1 5 1
Los Angeles 010 000 001—2 6 0
Bullinger, Daal (7), D.Veres (8) and Fletcher; Park, Guthrie (8), Hall (8), Radinsky (9) and Piazza. W—Radinsky, 2-0. L—D. Veres, 1-1.

Cincinnati 300 110 010—6 8 1
San Diego 126 000 00x—9 10 0
Morgan, Carrasco (3), Burba (5), Belinda (7), Remlinger (8) and J.Oliver, Taubensee (8); Hitchcock, Scott (7), Bochtler (8), Hoffman (9) and Flaherty. W—Hitchcock, 3-3. L—Morgan, 0-4. Sv—Hoffman (6). HR—Cincinnati, Edu.Perez (2).

JAPANESE LEAGUES

CENTRAL LEAGUE

	W	L	T	Pct.	GB
Yakult	18	13	—	.581	—
Hiroshima	15	14	—	.517	2.0
Chunichi	15	16	—	.484	3.0
Yokohama	14	15	—	.483	3.0
Hanshin	14	16	—	.467	3.5
Yomiuri	14	16	—	.467	3.5

SATURDAY'S RESULTS

Chunichi 9, Hiroshima 6
Yomiuri 7, Hanshin 2
Yokohama 8, Yakult 4

SUNDAY'S RESULTS

Yokohama 4, Yakult 2
Chunichi 5 Hiroshima 3
Yomiuri 4, Hanshin 1

PACIFIC LEAGUE

	W	L	T	Pct.	GB
Seibu	17	13	—	.567	—
Orix	15	13	—	.536	1.0
Daiei	16	14	—	.533	1.0
Nippon Ham	15	15	—	.500	2.0
Lotte	13	15	1	.464	3.0
Kintetsu	11	17	1	.393	5.0

SATURDAY'S RESULTS

Daiei 4, Lotte 1
Orix 9, Kintetsu 7
Nippon Ham 9, Seibu 5

SUNDAY'S RESULTS

Seibu 9, Nippon Ham 4
Kintetsu 6, Orix 2
Daiei 2, Lotte 1

BASKETBALL

NBA PLAYOFFS

SECOND ROUND
(BEST-OF-FIVE)
FRIDAY'S RESULTS

New York 25 17 27 15—84
Miami 20 28 22 18—88
N.Y.: Ewing 6-20 5-6 17, Childs 6-11 3-4 16; M: Hardaway 11-24 7-7 34, Mourning 8-14 8-13 24. Rebounds—N.Y. 47 (Ewing 11), Miami 53 (Mourning 13). Assists—New York 16 (Childs 7), Miami 17 (Hardaway, Majerle 4).
(series tied 1-1)

Houston 29 26 17 25—97
Seattle 21 23 35 14—93
H: Olajuwon 8-12 8-8 24, Drexler 8-16 1-2 19, Maloney 7-16 0-2; S: Kemp 7-20 14-16 28, Schrempf 7-14 4-6 20. Rebounds—Houston 53 (Barkley 17), Seattle 51 (Kemp 10). Assists—Houston 21 (Threatt 5), Seattle 18 (Kemp, Payton 5).
(Houston leads series 2-1)

SATURDAY'S RESULTS

Chicago 20 26 25 29—100
Atlanta 24 28 16 12—80
C: Jordan 8-20 5-5 21, Pippen 8-20 1-2 17; A: Mutombo 4-10 8-11 16, Henderson 5-8 3-4 13, Laettner 3-11 7-7 13, Smith 3-13 4-5 13. Rebounds—Chicago 59 (Caffey 11), Atlanta 44 (Mutombo 13). Assists—Chicago 25 (Pippen, Kukoc 5), Atlanta 13 (Blaylock 6).
(Chicago leads series 2-1)

Utah 25 26 28 31—110
L.A. Lakers 22 22 25 26—95
U: Malone 12-27 18-18 42, Russell 12-20 1-1 29; L.A.: O'Neal 12-19 10-15 34, Jones 5-8 4-6 15, Van Exel 4-12 6-6 15. Rebounds—Utah 57 (Russell 10), Los Angeles 38 (O'Neal 11). Assists—Utah 27 (Stockton 11), Los Angeles 23 (Van Exel 7).
(Utah leads series 3-1)

HOCKEY

NHL PLAYOFFS

CONFERENCE SEMIFINALS
(BEST-OF-7)
FRIDAY'S RESULTS

Buffalo 1 0 3 1—5
Philadelphia 1 1 2 0—4
First Period: B-Audette 4 (Galley, Plante) (pp). 2, P-Zubrus 2 (Hawerchuk, Niinimaa) (pp). Second Period: P-Hawerchuk 2. Third Period: B-Plante 4 (Peca, Audette) (pp). 5, B-Grosek 2 (Barnaby, Plante) 6, P-Klatt 3 (Podein, Otto) 7, B-Ward 2 (Plante) (sh). 8, P-Renberg 4 (LeClair, Lindros) Overtime: 9, B-Ronan 1 (Galley, Grosek) Shots on goal: B- 6-5-8-6—25. P- 16-8-15-4—43. Goalies: B-Shields. P-Snow.
(Philadelphia leads series 3-1)

Colorado 1 1 0 1—3
Edmonton 0 2 0 0—2
First Period: C-Kamensky 8 (Foote) Second Period: E-Marchant 3 (sh). 3, E-Smyth 5 (Weight, Mironov) (pp). 4, C-Ozolinsh 4 (Lemieux, Sakic) (pp). Third Period: None. Overtime: 5, C-Lemieux 9 (Kamensky, Sakic) Shots on goal: C- 16-14-6-5—41. E- 10-9-9-1—29. Goalies: C-Roy. E-Joseph.
(Colorado leads series 3-1)

WORLD CHAMPIONSHIPS

FINAL, POOL A
(BEST-OF-THREE)
IN HELSINKI, SWEDEN
Canada 2, Sweden 3

AUTO RACING

MONACO GRAND PRIX

SUNDAY, IN MONTE CARLO

1, Michael Schumacher, Germany, Ferrari, 208.692kms in 2 hrs 5.654 secs, average speed 104.264 kph
2, Rubens Barrichello, Brazil, Stewart, 53.306 seconds behind
3, Eddie Irvine, Britain, Ferrari, 1:22.108
4, Olivier Panis, France, Prost, 1:44.402
5, Mika Salo, Finland, Tyrrell, one lap
6, Giancarlo Fisichella, Italy, Jordan, 1 lap
7, Jan Magnussen, Denmark, Stewart, 1 lap
8, Jos Verstappen, Neth., Tyrrell, 2 laps
9, Gerhard Berger, Austria, Benetton, 2 laps
10, Ukyo Katayama, Japan, Minardi, 2 laps

DRIVERS' STANDINGS: 1, Michael Schumacher, Germany, 24 points; 2, Jacques Villeneuve, Canada, 20; 3, Eddie Irvine, 14. 4, Heinz-Harald Frentzen, Germany, David Coulthard, Britain, Gerhard Berger, Mika Hakkinen, Finland, all on 10; 8, Olivier Panis, 9; 9, Rubens Barrichello, 6, Ralf Schumacher, Germany, Giancarlo Fisichella, all on 4

CONSTRUCTORS' STANDINGS: 1, Ferrari 38 points; 2, Williams 30; 3, McLaren-Mercedes 20; 4, Benetton-Renault 13; 5, Prost 9; 6, Jordan 8; 7, Stewart 6; 8, Sauber-Petronas 4; 9, Tyrrell 2.

TENNIS

ITALIAN OPEN
IN ROME
SEMIFINALS

Mary Pierce (10), France, def. Barbara Paulus (11), Austria, 4-6, 6-3, 6-1; Conchita Martinez (3), Spain, def. Patty Schnyder, Switzerland, 6-2, 6-2.

FINAL

Mary Pierce, France, def. Conchita Martinez (3), Spain, 6-4, 6-0.

GERMAN OPEN
IN HAMBURG
SEMIFINALS

Andrei Medvedev, Ukraine, def. Yevgeny Kafelnikov (2), Russia, 6-3, 6-1; Felix Mantilla (10), Spain, def. Tommy Haas, Germany, 4-6, 6-3, 6-4.

FINAL

Andrei Medvedev def. Felix Mantilla 6-0 6-4 6-2.

RED CLAY CHAMPIONSHIP
SATURDAY, IN FLORIDA
SEMIFINALS

Jonas Bjorkman (1), Sweden, def. Steve Campbell, US, 6-4, 4-6, 6-4.

RUGBY UNION

SUPER 12

Canterbury 16, Free State 11
Queensland 40, Gauteng Lions 27
Auckland 45, Wellington 42
NSW 27, Otago 16
ACT 48, Waikato 34
Natal 27, Northern Transvaal 27

STANDINGS: Auckland 45; ACT 36, Wellington 33; Natal 30; Gauteng Lions 23; Northern Transvaal 22; Canterbury 21; Queensland 20, New South Wales 20, Free State 20; Waikato 19; Otago 13.

PILKINGTON CUP

Leicester 9, Sale 3

CRICKET

INDEPENDENCE CUP
NEW ZEALAND VS. PAKISTAN
FRIDAY, IN MOHALI, INDIA

New Zealand innings: 285-7 (50 overs)
Pakistan innings: 263-9
New Zealand def. Pakistan by 22 runs

SOCCER

ENGLISH PREMIER DIVISION

Aston Villa 1, Southampton 0
Blackburn 2, Leicester 4
Derby 1, Arsenal 3
Everton 1, Chelsea 2
Leeds 1, Middlesbrough 1
Manchester United 2, West Ham 0
Newcastle 5, Nottingham Forest 0
Sheffield Wednesday 1, Liverpool 1
Tottenham 1, Coventry 2
Wimbledon 1, Sunderland 0

FINAL STANDINGS: Manchester United 75; Newcastle 68, Arsenal 68, Liverpool 68; Aston Villa 61; Chelsea 59; Sheffield Wednesday 57; Wimbledon 56; Leicester 47; Tottenham 46, Leeds 46, Derby 46; Blackburn 42, West Ham 42, Everton 42; Southampton 41, Coventry 41; Sunderland 40; Middlesbrough 39; Nottingham Forest 34.
Sunderland, Middlesbrough and Nottingham Forest relegated.

PLAYOFFS
FIRST DIVISION

Crystal Palace 3, Wolverhampton 1
Sheffield United 1, Ipswich 1

DIVISION TWO

Bristol City 1, Brentford 2
Crewe 2, Luton 1

DIVISION THREE

Cardiff 0, Northampton 1
Chester 0, Swansea 0

ITALIAN FIRST DIVISION

Bologna 3, Cagliari 0
Fiorentina 2, Udinese 3
Lazio 4, Perugia 1
AC Milan 3, Reggiana 1
Napoli 1, AS Roma 0
AC Parma 3, Vicenza 0
Piacenza 3, Atalanta 1
Sampdoria 1, Internazionale 2

STANDINGS: Juventus 59; Parma 55; Internazionale 51; Lazio 47, Bologna 47; Sampdoria 45, Udinese 45; Vicenza 42; Milan 41; Fiorentina 40; Atalanta 39; Roma 37, Napoli 37; Piacenza 33; Cagliari 30; Perugia 28; Verona 26; Reggiana 19.

DUTCH FIRST DIVISION

Ajax Amsterdam 2, Heerenveen 1
RKC Waalwijk 0, Graafschap Doetinchem 3
Groningen 0, PSV Eindhoven 1
Volendam 0, Sparta Rotterdam 2
Utrecht 1, Vitesse Arnhem 0
Feyenoord 1, Twente Enschede 1
AZ Alkmaar 1, Willem II Tilburg 0
Fortuna Sittard 3, NEC Nijmegen 1

STANDINGS: PSV Eindhoven 71; Feyenoord 67; Twente Enschede 57, Ajax Amsterdam 55; Vitesse Arnhem 51; Heerenveen 50; Roda JC Kerkrade 49; Graafschap Doetinchem 42; NAC Breda 39; Sparta Rotterdam 35, Utrecht 35, Fortuna Sittard 35; Groningen 33; Willem II Tilburg 31, Volendam 31; AZ Alkmaar 25, NEC Nijmegen 25, RKC Waalwijk 25.

GERMAN BUNDESLIGA

Bayern Munich 0, Freiburg 0
Schalke 0, Fortuna Duesseldorf 1
St. Pauli 1, Borussia Moenchengladbach 3
Karlsruher 1, Borussia Dortmund 1
VfL Bochum 2, VfB Stuttgart 1
Arminia Bielefeld 2, 1860 Munich 3
Duisburg 0, Hansa Rostock 1
Werder Bremen 3, Cologne 2
Bayer Leverkusen 5, Hamburg 0

STANDINGS: Bayern Munich 64; Bayer Leverkusen 63; VfB Stuttgart 58; Borussia Dortmund 57; Bochum 50; 1860 Munich 46; Karlsruhe 42, Werder Bremen 42; Arminia Bielefeld 40, Schalke 40; Borussia Moenchen. 39; Cologne 38; Hamburg 37, Hansa Rostock 37; Duisburg 36; Fortuna Duesseldorf 32; St Pauli 27; Freiburg 22.

FRENCH CUP
FINAL

Nice 1, Guingamp 1

MAJOR LEAGUE SOCCER

San Jose 1, New York-New Jersey 0
Columbus 2, New England 0
Dallas 3, Washington D.C. 2
Tampa Bay 2, Colorado 1
Kansas City 1, Los Angeles 0

STANDINGS: Eastern Conference: D.C. 17, Tampa Bay 13; Columbus 11; New England 10; NY-NJ 7; Western Conference: Kansas City 10; Colorado 9, Dallas 9; San Jose 8; Los Angeles 3.

SCOTTISH PREMIER DIVISION

Celtic 3, Dundee United 0
Hearts 3, Rangers 1
Kilmarnock 1, Aberdeen 1
Motherwell 2, Dunfermline 2
Raith 1, Hibernian 1

WORLD CUP QUALIFYING

China 1, Tajikistan 0
Kazakhstan 3, Pakistan 0
Costa Rica 3, Jamaica 1

TRANSITIONS

BASEBALL
MAJOR LEAGUE BASEBALL
AMERICAN LEAGUE

CLEVELAND —Released RHP Mike Gordon. Optioned RHP Bartolo Colon to Buffalo, AA. Added LHP Alvin Morman to 25-man roster

TEXAS —Recalled RHP Jose Alberro from Oklahoma City, AA. Assigned RHP Matt Whiteside to Oklahoma City.

TORONTO —Put RHP Robert Person on 15-day disabled list and moved Erik Hanson to 60-day list.

NATIONAL LEAGUE

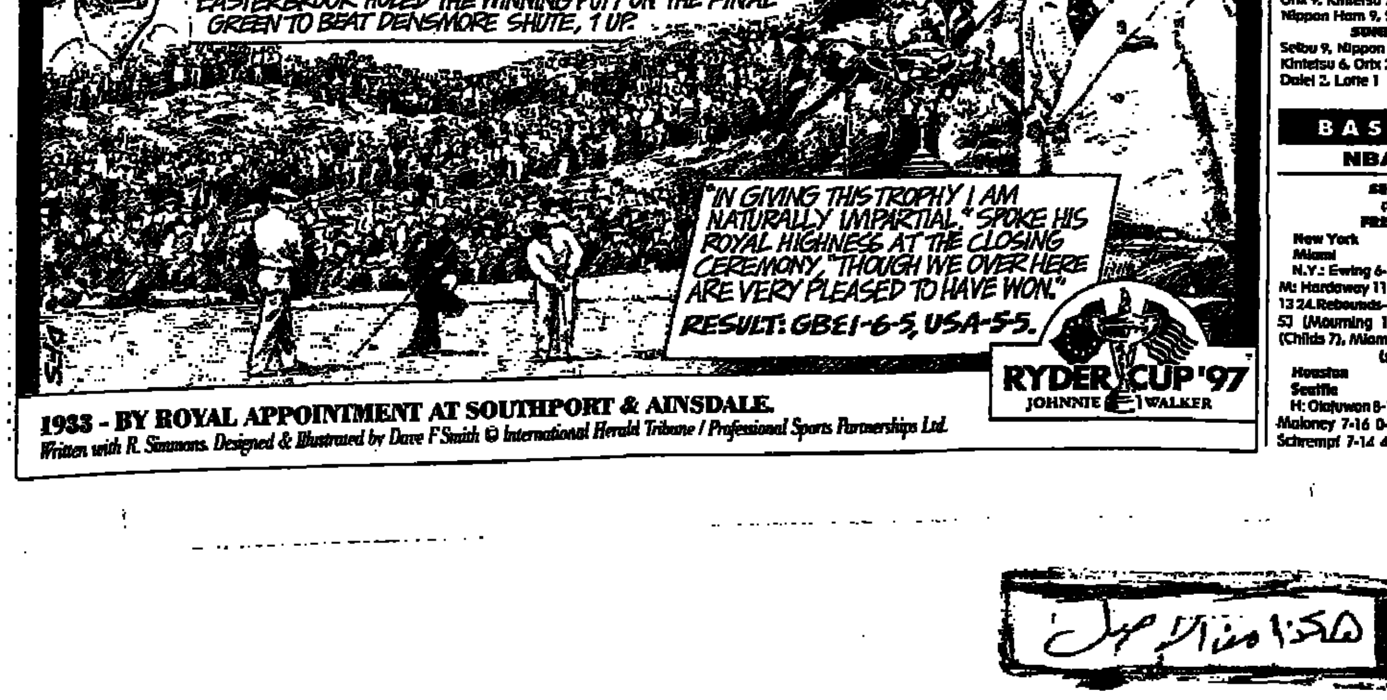
FLORIDA —Put OF Cliff Floyd on 15-day disabled list. Recalled OF Todd Dunwoody from Charlotte, IL.

PHILADELPHIA —Put LHP Matt Beech on 15-day disabled list. Activated RHP Ken Ryan from 15-day disabled list.

SAN FRANCISCO —Activated OF Darryl Hamilton from 15-day disabled list.

ADVERTISEMENT

Memorable Moments from Johnnie Walker: RYDER CUP *with Bernard Gallacher*



1933 - BY ROYAL APPOINTMENT AT SOUTHPORT & AINSDALE.
Written with R. Simmons. Designed & Illustrated by Dave F Smith © International Herald Tribune / Professional Sports Partnerships Ltd.

Malone ... As Jazz S... To a 3-1 ...

By Tom Friend

INGLEWOOD, California — After the Utah Jazz filmed a how-not-to-shoot video in Game 3 of their playoff series against the Los Angeles Lakers last Thursday, their star forward Karl Malone and three teammates decided to spend the next day riding bicycles in order to relax.

NBA PLAYOFFS

Bulls Feelin...

By Selena R...

Escorts & Guides

BELGRAVIA ORCHIDS LONDON - PARIS
THE FINEST & THE MOST SINCERE 18 - 38+ INTERNATIONAL BEAUTIFUL & ELEGANT STUDENTS SECRETARIES, AIR HOSTESSES & MODELS - AVAILABLE AS YOUR COMPANION 24HRS SERVICE WORLDWIDE Escort Agency Credit Cards Welcome
TEL: LONDON ++ 44 (0) 0171 589 5237

ROYAL PLATINUM SERVICE
ATLANTIC
LONDON PARIS NEW YORK Switzerland Benelux Cote d Azur WORLDWIDE ESCORT SERVICE
++ 44 (0) 7000 77 04 11/22
kiss@at-star.com

SWITZERLAND-GERMANY-BELGIUM
+31-20-427 28 27
Zurich-Geneva-Basel-Berne-Frankfurt-Wiesbaden-Cologne-Bonn-Duesseldorf-Munich-Berlin-Brussels-Antwerp + A: Vienna
LONDON: (0)171-978 6606
CORINNA Escort Agency - Credit Cards

SPORTS

Malone Gets 42 As Jazz Swing To a 3-1 Lead

By Tom Friend
New York Times Service

INGLEWOOD, California — After the Utah Jazz filmed a how-not-to-shoot video in Game 3 of their playoff series against the Los Angeles Lakers last Thursday, their star forward Karl Malone and three teammates decided to spend the next day riding bicycles in order to relax.

On Saturday night, when the two teams met in Game 4 of their Western Conference semifinal, Malone was a new man. He scored 42 points, even though his co-star did not go by the name of John Stockton. Instead, it was a small forward, Bryon Russell, who lent a hand — a very hot hand — as the Jazz beat the Lakers, 110-95, to take a three-games-to-one lead in the best-of-seven series.

Malone's favorite spot was a set shot 15 feet (4.5 meters) from the basket — in other words, a free throw. He went 18 of 18 from the foul line and saved his last 14 points for the fourth quarter.

"I just wanted to get out," Malone said of Friday's impromptu spin on a two-wheeler. "I told my wife, and she said, 'You never go for a bike ride.' But I guess there comes a time for everything. We saw a guy with all these broken bottles on the ground, and he was jumping off a chair right onto the bottles. I said, 'And I thought I had bad day.'"

The Lakers are the ones who could use bicycles now. Their point guard Nick Van Exel is in another feud with his coach, their star center Shaquille O'Neal has a sore hip, and the Lakers must win three straight (including two in Salt Lake City) to salvage O'Neal's debut season in Los Angeles.

O'Neal finally broke out on Saturday with 34 points on 12-of-19 shooting, but he had feeble support.

Del Harris, the Lakers' coach, brought his hook out early and yanked Van Exel from the game just 120 seconds after it began. The coach then lectured his point guard on execution.

After Van Exel finished the game with a mediocre 15 points, Harris explained that he had taken his point guard out so Van Exel could tell power forward Elden Campbell what to do on offense.

"You believe his reason?" Van Exel asked. "Was it performance-related? How could it be? There wasn't enough time for me to mess anything up. What was going through my mind was, 'Why am I being taken out?' And then I'm thinking there's a lot of pressure on him, and it's gotten to him. But when you get taken out that early, it hurts your confidence."

The Lakers trailed by only 7 points at halftime, but Russell was in the middle of scoring a career-high 29 points on 12-of-20 shooting, including four 3-pointers. His knockout punch arrived in the final quarter, with the Lakers trailing by only 9 points with two minutes left. When Malone, who had just scored 10 straight points, missed a fall-away jump shot, it was Russell who rebounded, scored and turned out the lights.

NBA Playoffs



Tiziana Sorge/Agence France-Presse

Karl Malone driving to the basket to score two of his 42 points in Utah's 110-95 victory over Los Angeles.

"That had to be one of the best games I ever played," Russell said. "No, the best."

Malone's fourth quarter was a sight for sore eyes, too. Stockton (11 assists) kept feeding him on the pick-and-roll, and the Lakers could get no closer than 4 points.

"I had a 2-for-20 game or something like that nine years ago, and nine years later, I had another one," Malone said, referring to his atrocious shooting in last Thursday's game. "I don't think I'll be around for my next one nine years from now."

Tigers Rout Indians Twice in a Row

Compiled by Our Staff From Dispatches

Tony Clark homered twice as the Detroit Tigers routed the Cleveland Indians 11-3 Sunday and sent Orel Hershiser to his first loss in eight starts this season.

Phil Nevin and Damion Easley homered, and Bobby Higginson hit three doubles for Detroit. The Indians, 12-0 against the Tigers last season, have lost three of five to Detroit this year.

Clark hit a solo homer in a three-run sixth that put the Tigers ahead 4-2, and added a two-run homer in the three-run seventh following Higginson's third double. Clark, who also homered in Detroit's victory Saturday, has 13 homers and 39 runs batted in.

Phillies 3, Rockies 1 In Philadelphia, Curt Schilling tied a career-high with 12 strikeouts and pitched a four-hitter to give the Phillies their season-high third straight victory. Colorado lost its fifth in a row, their longest skid of the year.

Schilling, who leads the majors with 68 strikeouts, did not walk a batter. He struck out Andres Galarraga with a runner on third to end the game.

Braves 8, Pirates 2 John Smoltz pitched five-hit ball for seven innings and twice starting run-scoring innings as Atlanta won in Pittsburgh.

Javy Lopez added a two-run homer, his second in as many games since ending an 0-for-20 slump. Chipper Jones had a pair of run-scoring singles, and Andruw Jones was 3-for-4.

Smoltz helped himself by going 2-for-3 with a double, single and a walk. He is 4-1 against Pittsburgh the last two seasons.

Smoltz, a .153 career hitter until this season, has been nearly as big a factor at the plate as he has been on the mound, batting .400 (8-for-20) with a pair of extra-base hits.

In games played on Saturday:

Tigers 6, Indians 0 Omar Olivares pitched a three-hit shutout as Detroit beat Cleveland at Tiger Stadium for the first time since Sept. 4, 1995.

Tony Clark hit a three-run homer, his 11th. Bobby Higginson also hit one for the Tigers, who ended a string of 24 scoreless innings.

Mariners 3, Orioles 2 Pinch hitter Mike Blowers singled in the go-ahead run with two outs in the 11th inning to lift Seattle to victory over Baltimore.

Edgar Martinez opened the 11th with a walk but was forced at second on a botched sacrifice attempt by Paul Sorrento. Dan Wilson hit a single, and Russ Davis flied out before Blowers grounded a single to left.

Rangers 11, Red Sox 5 Juan Gonzalez hit a grand slam and drove in six runs as Texas won in Boston.

Gonzalez's fifth career slam highlighted a six-run ninth inning. It was just the second homer of the season for the 1996 American League Most Valuable Player, who missed the first month of the season with an injured left thumb.

Yankees 5, Royals 2 In New York, Cecil Fielder singled home the go-ahead run in the sixth inning as New York rallied from a two-run deficit to beat Kansas City.

Still upset with a blown call in the 7-5 loss Friday night, Yankees manager Joe Torre was ejected by crew chief Rich Garcia before the game after he brought the lineup card to home plate.

Brewers 4, Angels 3 In Milwaukee, Jose Valentin drew a bases-loaded walk from Rich DeLucia in the bottom of the 10th inning as Milwaukee beat Anaheim. DeLucia walked three straight batters after shortstop Gary DiSarcina misplayed John Jaha's grounder leading off the 10th.

Blue Jays 6, Twins 4 In Minneapolis, Roger Clemens tied a Toronto record with 14 strikeouts to win his sixth game. He was helped by a pair of two-run homers from Benito Santiago.

White Sox 9, Athletics 8 In Chicago, Dave Martinez singled home the winning run with one out in the bottom of the ninth as Chicago beat Oakland.

Martinez went 4-for-5 with a homer and three runs batted in as Chicago won for the fifth time in six games. Frank Thomas also homered as the White Sox got a season-high 17 hits.

Giants 4, Cubs 2 Kirk Rueter, tagged out in an odd triple play, atoned by pitching eight shutout innings as San Francisco beat Chicago.

Rueter (2-0) allowed four hits, struck out a career-high eight and walked none.

Rueter's baserunning, however, was not quite as sharp in the fifth inning when the Cubs took advantage of the infield fly rule and the wind at San Francisco's 3Comm Park to turn the first triple play in the majors this season.

The Giants led 3-0 when Rueter opened with a single and took second on Darryl Hamilton's single.

Three Cubs lunged for the ball before it bounced off center fielder Brian McRae's glove and hit the ground.

Rueter took off for third and was thrown out by McRae. Hamilton hesitated and then tried for second, but third baseman Jose Hernandez's throw to Ryne Sandberg beat him.

Braves 9, Pirates 3 In Pittsburgh, Jeff Blauser hit a grand slam an inning after Ryan Klesko and Javy Lopez homered in succession as Atlanta finally solved Pittsburgh's starting pitching.

Blauser's fourth career grand slam made it 7-0 in the third and allowed former Pirates starter Denny Neagle (6-0) to coast to a career-high sixth consecutive victory.

Phillies 5, Rockies 4 In Philadelphia, Darren Daulton's two-run homer with two outs in the 10th inning beat Colorado.

Gregg Jefferies opened the inning with a single but was forced on Mickey Morandini's grounder. After Scott Rolen struck out, Daulton lined a 1-1 pitch over the right-field fence for his third homer of the season.

Astros 4, Marlins 2 Pinch-hitter Ricky Gutierrez singled in the go-ahead runs in the fifth inning as Houston beat Florida.

The Marlins lost for just the fifth time in 20 home games.

Mets 2, Cardinals 0 In St. Louis, Bobby Jones and John Franco combined on a three-hitter, and John Olerud hit a home run as New York reached .500 for the first time in over a year in a victory over St. Louis.

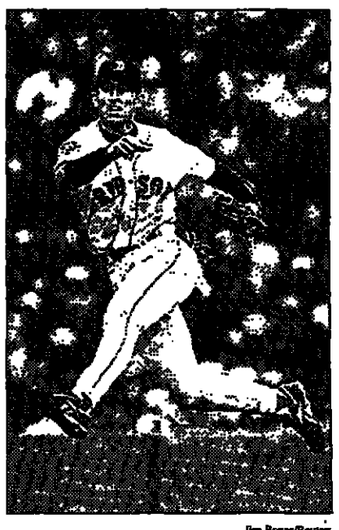
Jones (6-2) became the NL's second six-game winner, allowing two hits in eight innings. He retired the last eight batters he faced.

Dodgers 2, Expos 1 In Los Angeles, pinch-hitter Eddie Williams, batting for just the second time this season, singled home Todd Zeile with two outs in the ninth inning.

Zeile singled with one out in the ninth and one out later, rookie Wilton Guerrero reached on a strikeout wild pitch. Williams batted for reliever Scott Radinsky and lined a 1-1 pitch to center for his first run batted in with the Dodgers.

Padres 9, Reds 6 In San Diego, John Flaherty and Steve Finley each hit two-run doubles during a six-run third inning as the Padres won for just the fifth time in 20 games. The Padres snapped a 3-3 tie in the third by sending 10 batters to the plate. *(WP, AP)*

Baseball Roundup



Jim Bourg/Reuters

Boston shortstop Nomar Garciaparra throwing out a runner.

Bulls Feeling Like Themselves Again

By Selena Roberts
New York Times Service

ATLANTA — The Chicago Bulls eased fears that they were headed for an unthinkable collapse in their defense of the NBA championship with a dominating 100-80 victory over the Atlanta Hawks.

The performance, which gave Chicago a two-games-to-one lead in the Eastern Conference semifinal series, also quieted the notion that the team was coming undone mentally.

"It was a game that we've been waiting for in the sense that we busted out of a little slump," Michael Jordan said after the victory Saturday night. "We proved something. We played like we're capable of playing."

Normalcy returned, in that the Bulls used their wide array of talent — which included Jordan, with 21 points, Scottie Pippen, with 17, and Toni Kukoc, with 16 — to overwhelm the Hawks. And there was Brian Williams, too.

Williams scored 10 of his 14 points off the bench in the fourth quarter to lead a 19-4 Bulls run that separated them from the Hawks.

That burst was initiated by the Chicago defense. The Bulls, who shot 54 percent in the fourth quarter, allowed the Hawks to shoot just 25 percent. In Game 2, the Hawks' Mookie Blaylock used the screen and roll to open himself up and hit eight 3-pointers. On Saturday, Blaylock had just 10 points and was 1 for 6 from 3-point range. The entire Atlanta team went flat with him.

"I think we surrendered in the second half," said Dikembe Mutombo, the Atlanta center. "I can't believe we didn't take one step ahead today when we were given the chance. Today, we quit."

The Hawks had done what no one expected in taking Game 2 from the Bulls at the United Center last Thursday night. In doing so, they helped create a perception that the Bulls were falling apart, a perception that placed the spotlight on Dennis Rodman.

Rodman's erratic play has been attributed to everything from his lingering knee injury to his inability to turn down the strobes on his night life. Whatever the reason, the Bulls have tired of trying to read the signs.

Forget understanding. Rodman drew the ire of Jordan and Pippen after Game 2, when Jordan said that some players "need to go home, look in the mirror and not go to the clubs." Pippen said that Rodman needed to "avoid the technicals" and "stop looking for the crowd to give him a lift."

Rodman may never learn. He still does not seem to realize that each time he steps onto the court, he has entered a zero-tolerance zone with officials. That was true Saturday when Rodman picked up two fouls in two minutes once he came off the bench.

Soon after, Rodman was called for a technical when he slapped the ball out of Mutombo's hand in the final minute of the first half.

"I think if you want to single me out, tell me beforehand," Rodman said. "Just don't do it in front of millions. I think that's unfair."

Phil Jackson, the Bulls' coach, decided to put a lid on the issue. Rodman played just seven minutes Saturday. Still, the Bulls outrebounded the Hawks, 53-36, led by Jason Caffey's 11 and Jordan's 9. But how often can Jordan be a leader in rebounding and scoring?

Without much resistance from Atlanta, the Bulls were allowed to put their world in order once again. "But we have to remember," Kukoc said, "it's just one game."

THIS WEEK ON EUROSPORT

The Italian Open is one of the most glamorous and passionate stops on the entire ATP Tour; can Thomas Muster win his fourth Italian title?

Tennis:

12 - 16 May, LIVE, The Italian Open
The fifth Mercedes Super 9 of the year comes from the eternal city and marks the return to competition of Britain's Tim Henman and Greg Rusedski

Motorcycling:

16 - 18 May, LIVE, The Italian Grand Prix, Mugello
Mugello in Tuscany host the Italian Grand Prix and Max Biaggi will be looking to continue his dominance in front of his home crowd

Ice Hockey:

13 May, LIVE, The World Championship, Helsinki
We reach the final of the 1997 World Championship which comes from Helsinki, Finland

Touring Car:

14 May, The British Touring Car Championship, Thruxton
Rounds 5 and 6 of the BTCC come from Thruxton in Hampshire



Eurosport, the No 1 sports TV channel for Europe, covering the best action from Europe and around the world. It's available via cable and satellite.

Escorts & Guides

BELGRAVIA
ORCHIDS
LONDON - PARIS
THE FINEST & THE MOST SINCERE 18 - 28+ INTERNATIONAL BEAUTIFUL & ELEGANT STUDENTS SECRETARIES, AIR HOSTESSES & MODELS +
AVAILABLE AS YOUR COMPANION 24HRS SERVICE WORLDWIDE
Escort Agency Credit Cards Welcome
TEL: LONDON ++ 44 (0)
0171 589 5237

ROYAL PLATINUM SERVICE
ATLANTIC
LONDON PARIS NEW YORK
Switzerland Benelux Cote d'Azur
WORLDWIDE ESCORT SERVICE
++ 44 (0) 7000 77 04 11/22
kiss@at-star.com

SWITZERLAND-GERMANY-BELGIUM
++31-20-427 28 27
Zurich-Geneva-Basel-Berne-Frankfort-Mainz-Wiesbaden-Cologne-Bonn-Dusseldorf-Munich-Berlin-Brussels-Antwerp + A: Vienna
LONDON: (0)171-978 6606
COSMOS Escort Agency - Credit Cards

ALICE BEAUTIFUL CHARMING Blond, proposes Private Escort Service. London Tel: 0956 859982

CHIC-VIP
WORLDWIDE ESCORT SERVICE
LONDON PARIS NEW YORK
STOCKHOLM PRAGUE
SOUTH OF FRANCE AND GERMANY
++ 44 (0) 7000 24 28 91

INTERNATIONAL ESCORTS
World's First & Most Exclusive Service Models, Beauty Queens, Actresses Multilingual Travel Companions
Hdqtrs. 212-765-7896 NY, USA
office@int-escorts.com
Rated "Best in New York" by New York Magazine. Service worldwide.

EUROPEAN MODELS ESCORT
Service worldwide, only int'l top models
LONDON+PARIS+MONACO+MADRID
STOCKHOLM+HELSINKI+VENICE
GENEVA+ZURICH+MILAND+ROME
BRUSSELS+COPENHAGEN+CYPRUS
ISTANBUL+ATHENS+OSLO+LISBON
DUBAI+GERMANY+VIENNA+U.S.A.
Call for Europe: ++43-1-796 21 58
Call for USA: 212 267 3993 cards

VENUS IN FURS
24HR WORLDWIDE ESCORT SERVICE
LONDON 0171 362 7000
All cards. Advance bookings welcome

EXCELLENT RATES & SERVICE
SILVER STAR
ESCORT SERVICE
LONDON - PARIS - NEW YORK
NEW YORK: 212 765 19 19
EUROPE: ++ 44 (0) 7000 74 57 67

HEIDI'S HIGH SOCIETY*VIENNA*PARIS COTE D'AZUR*ZURICH*GENF*MUNICH
International Escort & Travel Service
Vienna ++43-1-5354104 all credit cards

LE CIRCLE
THE ESCORT AGENCY
LONDON 24 HOURS
0171 586 0059
Simply the best in the world
Credit Cards Accepted

ISABELLA AQUINAS
ESCORT AGENCY
LONDON Tel: 0171 498 5789

GUYS & DOLLS ESCORT AGENCY
MILAN*ROME*ITALY*LONDON*PARIS
BRUSSELS*LUGANO*MADRID*MUNICH
D'DORF*F'FURT*S'GART*VIENNA*LYON
COTE D'AZUR*MARBELLA*GLASGOW
Tel: +39 (0) 338 852 3766 Credit Cards

******** EUROCONTACT INT'L ********
Top local & travel service worldwide
PARIS*STOCKHOLM*GENEVA*ZURICH
RIVIERA*BRUSSELS*LONDON*VIENNA
MILAN*ROME*all GERMANY & USA
Escort Service Vienna ++43-1-212 0431

ARISTOCATS Escort Service
3 Shouldham St. London W1
0171 258 0080

CHELSEA ESCORT SERVICE
51 Beauchamp Place, London SW1
Tel: 0171-584 6513

ESCORT*DINNER*TRAVEL SERVICE
Bern*Zurich*Basel*Geneva*Luzern
Ticino*Milano*Munich*Paris
Only Int'l First Class Ladies
VOGUE +41 (0)79 407 0831

ANNE MARIES ESCORT SERVICE
and Dinner Date Service London
Tel: 0171 385 1174

BELGIUM UNFORGETABLE
Escort Service. 24/24.
Tel: 03/328.04 05

BERLIN - "MARION'S"
Private Escort Service
Tel: 0172 - 301 45 95

BERN, BASEL, ZURICH
Escort Service.
+41/77/88 55 05. All cards.

BLACK BEAUTY ESCORT SERVICE
Exclusive Elegant Educated & Friendly
London & Heathrow. 01819062261.Cards

CONCEPT 2000
EXCLUSIVE ESCORT & Travel Agency
FRANKFURT 069 - 955 20 774

*** DUSSELDORF ***
"ELEGANCE" Escort + Travel Service
Tel: 0211 - 435 06 87

EXECUTIVE CLUB
LONDON ESCORT SERVICE
TEL: 0171 722 5008 Credit Cards

ESAN ESCORT SERVICE. Court an Appealing Black Lady. American Express Accepted. Tel: ++44 (0) 121 429 1682

FRANKFURT-COLOGNE-DUSSELDORF
*** LONDON ***** BASEL *****
Gabi's Escort Service ++49(0)171-5311805

GENEVA PRETTY WOMAN
BASEL, LAUSANNE, MONTREUX
Call 022 / 346 00 89 Escort Agency
Credit cards accepted

"GENEVA*PARIS"
BUTTERFLY Escort Service
Tel. 022 / 731 90 81

GEORGINA Glamorous, Charming
Private Dinner & Escort Service London
Tel: 0467 251664

JULIA CHARMING, VERY PRETTY young girl. Private Escort Service HAMBURG Tel. (+49) - 171 - 25 46 838

*** MADRID HARMONY ***
EXCLUSIVE Top Escort Service. English
Tel: +34 1 366 35 88 or 908 91 89 64

MICHELLE VERY PRETTY Friendly, Young Blond Girl. Private Escort Service London Tel: 0958 449 843.

PRESTIGE ESCORT SERVICE.
PARIS & GENEVA Switzerland. Bilingual.
Tel: in French +41-22-9295794

PRIME TIME ENTERPRISES
Escort Service in New York City
212-279-8522

SARAH, CHARMING, SOPHISTICATED, Slim Beauty, Private Escort Service. Chelsea Tel: 0171 349 0564

VALENTINES INTERNATIONAL
VIP Escort Service photos to view ...ntnl
London office 0171 935 0005 all cards

"ZURICH * CAROLINE"
Escort Service
Tel. 01 / 261.49.47

AMSTERDAM * DREAMS * ESCORTS
and Dinner Date Service for Him or Her.
+31 (0) 20-64 02 111 / 64 02 666

ICE HOCKEY Sweden Nears World Title p. 16 **TENNIS** Pierce Ends 2-Year Wait p. 16 **BASEBALL** Tigers' Revenge p. 17

TOMORROW: STYLE

Herald International Tribune

SPORTS

PAGE 18 R MONDAY, MAY 12, 1997

WORLD ROUNDUP



Tim Ockenden/AFP

Bernhard Langer chipping onto the 2d green on Sunday.

Langer Beats Rain And Lightning

GOLF German Bernhard Langer gained his second successive European Tour title Sunday when he won a soaked Benson and Hedges International by two strokes from Ian Woosnam of Britain after play was suspended twice due to lightning and torrential rain.

Langer, winner of the Italian Open last weekend, had a final round 69 to finish with a 12-under-par 276. Woosnam had a 70 for 278 with Briton Lee Westwood third a further two strokes back on 280 after a 72.

Woosnam's chances seemed to have disappeared when he double-bogeyed the par four 10th. But he pulled a shot back at the next and finished with birdies on four of the last five holes.

Westwood, after holding second for most of the round, saw his hopes perish on the 585-yard 17th when he went into the water and took a bogey six. *(Reuters)*

Natal Reaches Last Four

RUGBY UNION Natal scraped a draw on Sunday to join an Australasian trio in the Super 12 championship semifinals.

The 27-27 stalemate with Northern Transvaal ensured Natal line up with Auckland, Wellington and Australian Capital Territory in the last four.

Their three points from the match — two for the draw and one for their tally of four tries — was enough to put them out of reach of the chasing teams.

Auckland guaranteed itself a home semifinal and maintained a nine-point lead in the standings by beating Wellington Hurricanes, 45-42, on Saturday. *(Reuters)*

Allen Kicks 10 Points

FOOTBALL Former soccer star Clive Allen kicked three field goals and a extra point Sunday as the London Monarchs beat the Scottish Claymores 16-8 in the World League of American Football.

On Saturday, Manfred Burgsmueller, another former soccer player, kicked a field goal with 12 seconds to dash the Frankfurt Galaxy's dreams of playing host to the World league of American Football World Bowl.

After two earlier misses by the Rhein Fire kickers, Burgsmueller connected from 19 yards to give the Duesseldorf Rhein Fire a 10-7 victory that ended the Galaxy's hopes of being the league's first-half champion. *(AP)*

Boldon Sets Best of Year

ATHLETICS Ato Boldon of Trinidad ran the year's fastest 100 meters and seventh fastest of all time, winning a race in Modesto, California, in 9.89 seconds Saturday.

The world record, set by Canada's Donovan Bailey at the Atlanta Olympics last year, is 9.84 seconds. Boldon was the bronze medalist in the 100 and 200 meters in Atlanta. *(AP)*

Gamble on Rain Ends Ferrari's Long Drought

Schumacher Switches Cars Just Before Start To Win Slick and Short Monaco Grand Prix

The Associated Press

MONACO — Michael Schumacher gave Ferrari its first Monaco Grand Prix victory in 16 years as he captured a rain-plagued race with a daring gamble before the start.

It was Schumacher's 23d career victory but first this year for the two-time world champion. Even so, he overtook Jacques Villeneuve at the top of the driver standings.

Schumacher became the first Ferrari winner in Monaco since the late Gilles Villeneuve, the father of Jacques, in 1981. Schumacher beat Rubens Barrichello, in a Stewart-Ford, by 53 seconds. He won in Monaco in 1994 and 1995 in Benettons, but last year, in the rain, he crashed his Ferrari into a barrier on the first lap coming down from the Loew's hairpin curve.

This time he was ready for the rain.

It started lightly as the cars went out for a warm-up lap on their way to the starting grid. Schumacher immediately went to the pits to change to a back-up car that had been prepared with rain settings.

"We had two solutions, Schumacher said. "One was for the dry and one was for the intermediate one. I just decided in the last seconds to jump in the intermediate." By the time the race started the rain had intensified and the gamble paid off. Heinz-Harald Frentzen, the pole position winner in a Williams-Renault, was left at the start by Schumacher. He struggled and went out of the race in the 42d lap. Frentzen started on dry-weather tires, hoping the conditions would change.

"I was concerned about that," Schumacher said. "He could have been right.

Schumacher moved away from the rest of the field so easily he had more than a six-second lead at the end of the first lap. Behind him, the slick conditions started taking a toll. Last year only three cars finished; this year 10 of the 22 starters made it to the finish line.

David Coulthard spun out at the chicane coming out of the tunnel, taking McLaren-Mercedes teammate Mika Hakkinen out of the race along with Damon Hill. It was Hill's fifth consecutive race without a finish in his Arrows-Yamaha. He was world champion last year in a Williams-Renault.

Johnny Herbert, who led Thursday's free practice in a Sauber-Petronas, went out on the ninth lap while in fifth place. Ralf Schumacher, Michael's younger brother, went out two laps later while third. Meanwhile, Michael was piling on the laps and increasing his advantage.

By the 15th lap, Schumacher was lapping Jacques Villeneuve, who went into the pits to change tires after the third lap and struggled almost two minutes behind Schumacher.

Schumacher passed him easily heading up the hill to the Casino and also moved passed Frentzen the next lap.

By the 18th lap, Villeneuve was out of the race, the second early retirement for the Canadian after two victories.

Schumacher maintained a 30-second lead over Reubens Barrichello through the 24th lap when he upped the tempo and increased it to 41 by the 26th.

He pitted for tires and fuel on the 32d lap and started rebuilding his lead. Soon the margin was up to more than a minute by the 40th lap after Barrichello went in for a pit stop.

Schumacher was so far ahead that he could afford to miss a corner turn on the 53d lap and casually restart, losing just six seconds from his lead at the time.

"I locked the front tire and I couldn't slow down enough," Schumacher said. "Rather than risking going around maybe hitting the barriers slightly I decided to go straight on and have a little spin and just go on."

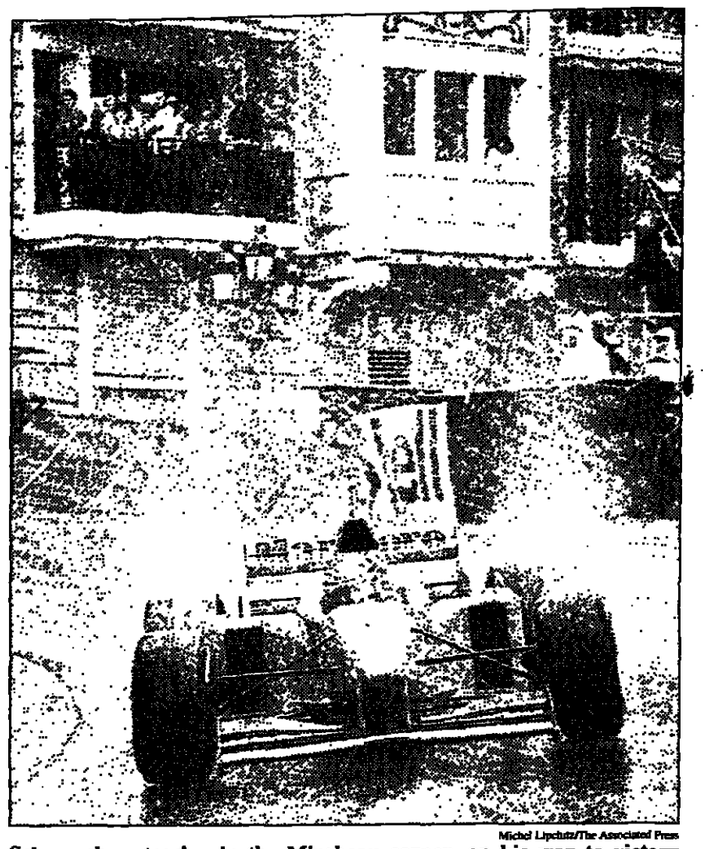
He went into an escape road without bumping anything and did a quick spin to get back on the track, holding on to a lead of more than a minute.

The race was cut short from the scheduled 78 laps to two hours, in which time Schumacher completed 62 laps.

He averaged 104.264 kilometers an hour (64.8 miles an hour) for the 208.75 kilometers (129.74 miles).

Eddie Irvine finished third to give Ferrari another spot on the podium. It was his third consecutive top three finish. Fourth was Olivier Panis, the victor last year, in a Prost-Mugen-Honda.

Mika Salo of Finland in a Tyrrell-Ford was fifth and Giancarlo Fisichella of Italy in a Jordan-Peugeot, sixth, both more than a lap behind Schumacher.



Michel Lipchitz/The Associated Press

Schumacher steering in the Mirabeau corner, on his way to victory Sunday. The race was cut short from the scheduled 78 laps to two hours.

Star-Studded Middlesbrough Loses its Place

Newcastle Scores 5 on Final Day to Grab England's 2d Spot in the Champions League

Compiled by Our Staff From Dispatches

After a tumultuous season in which Middlesbrough's Italian and Brazilian stars have carried it to two English cup finals and the club was punished after it failed to appear for a league game, the club went down from the English Premier League on Sunday.

Middlesbrough drew 1-1 at Leeds and was relegated to the First Division, along with Sunderland, a 1-0 loser at Wimbledon, and Nottingham Forest.

Coventry, 2-1 winners at Tottenham, and Southampton, which lost 1-0 at Aston Villa, escaped on the final afternoon of the season.

Middlesbrough, which was docked three league points for calling off a game without permission, needed a victory in Leeds to have a chance of staying in the league, but could only come up with a tie.

The three points, deducted after Bryan Robson, the Middlesbrough manager, called off a game against Blackburn because 23 players were injured or sick, made all the difference.

Those would have been enough for survival but instead, Robson's team, which includes stars such as Juninho and Emerson from Brazil and Italian striker Fabrizio Ravanelli, will play Division I next season, and there is speculation that the well-paid overseas stars won't stay.

SOCCER ROUNDUP

Middlesbrough fans stood in tears at the end of the game, and Juninho, who scored his team's goal, lay on the field, dejected.

There was delight for Newcastle United, Sunderland's neighbor. It thumped Nottingham Forest 5-0 to overtake Liverpool and Arsenal, finish as runners-up and qualify for the second English spot in the expanded European Cup.

Newcastle finished even on points with Arsenal, which beat Derby 3-1, and Liverpool, which tied 1-1 at Sheffield Wednesday, but Newcastle's five-goal victory was crucial in the tie-breaker. Its goal difference — goals scored minutes goals conceded — was +32, to Arsenal's +30 and Liverpool's +25.

Arsenal played most of the game at Derby with 10 men after falling behind and then losing Tony Adams, who was expelled for two yellow cards. Ian Wright scored twice as Arsenal fought back. Wright finished the season with 23 goals, second-highest in the Premier League. Alan Shearer of Newcastle United, who also scored Sunday, finished with 25.

Manchester United was presented with the league trophy for the fourth time in five seasons before its home match against West Ham, which it won 2-0.

GERMANY Bayer Leverkusen closed in on league-leader Bayern Munich with a 5-0 victory over Hamburg in Bundesliga play Sunday.

Leverkusen's Ulf Kirsten scored three goals in the victory, which lifted Leverkusen to second in the league as the season draws to a close. VfB Stuttgart slipped to third.

Nico Kovac scored Leverkusen's first goal 10 minutes into play, and Paulo Sergio scored the fifth in the 70th minute. Kirsten dominated the hour in between.

Bayern was held to a 0-0 home draw by last-place Freiburg on Saturday.

Juergen Klinsmann hit the bar and missed an easy scoring chance. He was replaced by an amateur, Carsten Lakies, 10 minutes from the end of the match Freiburg goalkeeper Joerg Schmadtke made several splendid saves.

"Soccer is a running game — that means you have to run sometimes," said Franz Beckenbauer, the Bayern president.

Stuttgart, now five points behind Leverkusen, lost ground with a 2-1 defeat at Bochum. Peter Peschel scored the winning goal as Bochum came from behind to grab three points, which lifted the team into fifth spot and toward a UEFA Cup finish.

Mathias Hagner put Stuttgart ahead in the 60th minute. But in the final 20 minutes it conceded two goals and lost midfielder Marco Haber to a red card.

SPAIN Barcelona's hopes of taking Spain's second European Cup place were bolstered Sunday when rival Real Betis lost unexpectedly, 2-1, at last-place Logrones.

With five games left to play, Betis is six points behind Barcelona, which beat Real Madrid 1-0 in a bad-tempered game Saturday. Barcelona is still five points behind Real Madrid, the league leader.

In other games Atletico Madrid's Kiko Narvaez headed the winning goal as the champion beat Athletic Bilbao 2-1, a result that virtually guarantees Atletico a UEFA Cup place next season.

Zaragoza pulled out of trouble with a 1-0 victory over Espanyol. Sevilla surprised Hercules with a crushing 5-0 victory, and both face possible relegation.

On Saturday, A solitary goal from Brazilian striker Ronaldo gave Barcelona a 1-0 victory over Real Madrid in a clash between the top two teams.

Both teams were lucky to end the game with 11 players after a disappointing match.

If teams finish even, the results of games between them are used as a tie-breaker. Real beat Barcelona 2-0 earlier in the season, so it holds the edge.

WORLD CUP Paulo Cesar Wanchope scored twice to give Costa Rica a 3-1 World Cup qualifying victory over Jamaica on Sunday.

Costa Rica, a finalist in 1990, overtook the United States and moved into second place in the final regional qualifying group.

The top three teams in the group, which also includes Mexico, El Salvador and Canada, go to France next year.

Wanchope, who plays for Derby County in England, took advantage of a blunder by Jamaica goalkeeper Warren Barrett to score in the 32d minute. He was on target again in the 70th with a powerful right-foot effort.

In between, Andy Williams scored a 60th minute equalizer. Jamaica's first goal in the group. *(AP, Reuters, AFP)*

More Soccer: Page 16



Wolfgang Rattay/Reuters

Hasan Salihamidzic of Hamburg, right, taking the ball past Christian Woerns of Leverkusen in the Bundesliga Sunday. Leverkusen won 5-0.

Knicks Win To Go 1 Up On the Heat

The Associated Press

NEW YORK — Both offenses were ugly and both defenses were suffocating. And when Game 3 of the Miami Heat-New York Knicks series came down to one final heave, it was appropriate that the biggest play of all was a blocked shot.

Patrick Ewing blocked Tim Hardaway's 3-point attempt with three seconds left on Sunday to preserve the Knicks' 77-73 victory over the Heat. The triumph gave New York a 2-1 advantage in the best-of-seven series heading into Game 4 Monday night at Madison Square Garden.

Jazz and Bulls Win. Page 17.

The Knicks made only five field goals in the fourth quarter and none in the final 6:20, but they also held Miami to just two baskets over the final 12 minutes and zero points in the final 2:50.

Ewing led New York with 25 points and 11 rebounds and outplayed his counterpart, Alonzo Mourning, for the third straight game. Mourning had 14 points and seven rebounds and was not a factor in the fourth quarter.

Allan Houston added 13 points and John Starks had 11, including three free throws with 2:42 left to give New York a 76-73 lead.

The Heat managed to get Hardaway into a mismatch in which he was guarded one-on-one by Ewing, but in this instance it was just the kind of mismatch the Knicks needed. With the clock ticking down, Hardaway attempted a 3-pointer from the right wing and Ewing rejected it. The ball came down into Ewing's hands. Hardaway fouled him, and Ewing made one of two free throws with 1.8 seconds left to clinch it.



Every country has its own AT&T Access Number which makes calling from France and other countries really easy. Just dial the AT&T Access Number for the country you're calling from and you'll get the fastest, clearest connections. And be sure to charge your calls on your AT&T Calling Card. It'll help you avoid outrageous phone charges on your hotel bill and save you up to 60%.* So please check the list for AT&T Access Numbers.

Steps to follow when calling internationally from overseas:

1. Just dial the AT&T Access Number for the country you are calling from
2. Dial the phone number you're calling
3. Dial the calling card number listed above your name

AT&T Access Numbers

EUROPE	
Austria●○	022-903-011
Belgium●	0-800-100-10
France	0-800-99-0011
Germany	0130-0010
Greece●	00-800-1311
Ireland	1-800-550-000
Italy●	172-1011
Netherlands●	06-022-9111
Russia●▲(Moscow)▷	755-5042
Spain◇	900-99-00-11
Sweden	020-795-611
Switzerland●	0800-89-0011
United Kingdom▲	0800-89-0011
MIDDLE EAST	
Egypt●(Cairo)▼	510-0200
Israel	177-100-2727
Saudi Arabia◇	1-800-10
AFRICA	
Ghana	0191
Kenya▲	0-800-10
South Africa	0-800-99-0123

Can't find the Access Number for the country you're calling from? Just ask any operator for AT&T Direct® service, or visit our Web site at http://www.att.com/traveler

AT&T

To get a free wallet card listing more of the worldwide AT&T Access Numbers, ask for customer service after dialing the AT&T Access Number. Fastest, clearest connections from countries with voice prompts compared to major U.S. carriers on calls to the U.S. Clearest based on customer preference testing. *Compared to certain hotel telephone charges based on calls to the U.S. in October 1995. Actual savings may be higher or lower depending upon your billing method, time of day, length of call, fees charged by hotel and the country from which you are calling. Bold-faced countries permit country-to-country calling outside the U.S. Collect calling is available to the U.S. only. Country-to-country rates consist of the cost of a call to the U.S. plus an additional charge based on the country you are calling. You can call the U.S. from all countries listed above. ●Public phones require deposit of coin or phone card for dial tone. ▲May not be available from every phone ○Public phones require local coin payment during the call. ◆May not be available from every phone. ▷Additional charges apply outside Moscow. ◇Calling available to designated countries only. ▼Dial "02" first, outside Cairo. "I Love Paris" circle pictured ©1995 Chagall & ○(A.D.A.G.P.) ©1996 AT&T